

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,546

Tuesday May 14 1988

D 8523 A

D-Mark celebrates
40 years of
strength, Page 20

Austria	302.2	Indonesia	625.00	Peru	261.20
Belgium	216.50	Italy	953.50	S. Arabia	167.00
Denmark	167.00	Japan	1,070	Singapore	264.10
France	167.00	Malaysia	1,100	South Africa	167.00
Germany	216.50	Philippines	1,100	Switzerland	167.00
Greece	167.00	Spain	1,100	Taiwan	167.00
Ireland	167.00	Thailand	1,100	USA	167.00
Netherlands	167.00	UK	1,100		
Portugal	167.00				
Spain	167.00				
Sweden	167.00				
Switzerland	167.00				
Taiwan	167.00				
Thailand	167.00				
UK	167.00				
USA	167.00				

World News

Iran, Syria row delays Beirut troop deployment

The deployment of a Syrian disengagement force into Beirut's southern suburbs was further delayed yesterday by disagreements between Syria and Iran. Iranian officials and the Tehran-backed Hizbollah insisted on the inclusion of Iranians in any joint security force. Page 20

Delvalle attacks US plan
Ousted Panamanian President Eric Arturo Delvalle said he would reject any US deal with Manuel Noriega that would allow the military strongman to continue to hold power in Panama. US envoy in Panama, Page 4

Nicaraguan ceasefire
Nicaragua said it was extending a seven-week-old truce to allow more time for continuing peace talks with US-backed Contra rebels. Page 20

Colombian hijack
A man armed with a grenade hijacked a Colombian airliner, freed 125 people on board and forced the three-man crew to fly to Panama, demanding \$100,000. Page 20

South Africa debate
White and non-white members of South Africa's Parliament participated in joint debates for the first time yesterday but members of the far-right Conservative Party walked out in protest.

China floods toll
The death toll from flooding in China's Fujian province rose to 78 after a river overflowed near the provincial capital of Fuzhou. More than 2,000 people were injured and over 3,000 were forced to flee their homes.

Soviets 'stubborn'
Soviet stubbornness is impeding completion of a strategic nuclear arms treaty, Mr Edward Shornik, senior arms control negotiator, told President Reagan, said.

Perez in Brussels
Israeli Foreign Minister, Mr Shimon Perez, meets his European Community counterparts in Brussels today to discuss trade disputes and Israel's handling of the five-month-old Palestinian uprising. Page 2

Anti-Turk bombings
Two explosions damaged cars belonging to Turkish embassy personnel and two more bombs were defused by police as Turkey's Foreign Minister, Mr Mesut Yilmaz, began a five-day visit to Athens. Page 2

Golden Temple reopens
More than 15,000 Sikhs visited the Golden Temple in Amritsar yesterday when the 400-year-old shrine was reopened to the public following a government siege.

Jewish writers charged
Two Jewish journalists face up to 40 years' imprisonment after being formally charged with working for a Palestinian organisation dedicated to the destruction of the Israeli state. Page 3

Iraq rejects UK protest
Iraq rejected a British protest over an Iraqi air attack against the British-registered tanker *Burmah Enterprise* this month.

UNDOF proposal
Mr Javier Paredes de Casellas, the United Nations Secretary General, has recommended a further six-month renewal of the mandate of the UN Disengagement Observer Force (UNDOF) separating the Syrian and Israeli armies on the Golan Heights.

Athens taxi strike
Thousands of taxi drivers in Athens staged a 24-hour strike to protest against anti-pollution measures which have halved the number of taxis allowed to operate in the city centre.

Business Summary

Maxxam wins bid battle for KaiserTech

MAXXAM GROUP, an investment group led by Houston financier Mr Charles Hurwitz, is to take over KaiserTech, US aluminium manufacturer, in a deal worth \$880m.

The definitive merger agreement appears to end a battle between KaiserTech management and Mr Alan Choe, the British financier, who acquired a major stake in KaiserTech last year. Page 21

USG, Chicago-based building products company, claimed victory in its proxy contest against Desert Partners, a Texas limited partnership that is trying to take it over. Page 21

PLATINUM came in for more heavy speculative buying from the Far East. During the morning session, the price rose to \$576.50 a troy ounce, but profit-taking later took the price down to \$571. Commodities, Page 30

WALL STREET: The market started the week with another drift downwards in very low volume. The Dow Jones industrial average closed down 11.11 at 1,941.88. Page 42

TOKYO: Leading shares fell back as investors remained on the sidelines due to fears of inflation in the US. The Nikkei average finished down 144.08 at 27,249.76 after recovering from the day's losses. Page 42

LONDON: Inflation worries continued to beset investors, and at the end of the session equities proved vulnerable to a weak recovery on Wall Street. The market closed down 8.9 points at 1,761.38. Page 28

DOLLAR closed in New York at DM1.7015 (\$1.0457), SF1.4185 and FF5.75. It closed in London at DM1.7025 (DM1.7030), Y124.55 (Y124.85), SF1.4175 (SF1.4195), FF5.75 (FF5.5775). Page 29

STERLING closed in New York at \$1.8685 (\$1.8620), Y232.75 (Y232.50), SF2.65 (SF2.6425), FF10.75 (FF10.72). Page 29

USX, US steel and energy group, which owns Marathon Oil and Texas Oil and Gas, expects to produce \$1bn a year of "surplus" cash for the next three years. Page 21

WESTERN UNION has taken a \$60m first-quarter charge for a restructuring plan devised by a group of investors who rescued it late last year. Page 21

BOEING, the US aerospace group which last week won an order for 100 aircraft from International Lease Finance, is negotiating to sell a further 100 737 aircraft to AME, parent of American Airlines.

ENICHEM, Italy's state-owned chemical company, and Montedison appeared near an initial agreement on merger plans between Enichem and a substantial part of the privately-owned Montedison. Page 21

LEGO, Danish toy company, said worldwide sales increased by 10 per cent last year. Page 22

CRA, Australian resources group, reduced its stake in Metal Manufacturers, a diversified cable maker, to just over 20 per cent from 29 per cent. Page 23

OMRON TAKEIKI Electronics, Japan's leading maker of electronic control components, posted a 117 per cent jump in annual pre-tax profits to ¥15.5bn (\$124.9m). Page 23

UN to ask West for \$1bn-\$2bn aid for Afghanistan

BY JOHN ELLIOTT IN KABUL

WESTERN countries are to be asked during the next few months to subscribe between \$1bn and \$2bn to a United Nations co-ordinated programme for the reconstruction of Afghanistan's economy.

The massive aid effort following the withdrawal of the Soviet occupation force after more than eight years of war in Afghanistan will include the rehabilitation of up to 5m refugees in Pakistan and Iran.

Prince Sadruddin Aga Khan, chief UN co-ordinator for the overall reconstruction effort, flies to Kabul on Saturday for talks with the government and will go on to Pakistan and Iran. He will then decide when to call an international conference of Western countries willing to pledge funds.

Mr Mohammed Hassan Sharq, Minister for Refugees, said yesterday that the Afghan Government is geared up to receive 3,000

a day although the present rate is only a few hundred a week. The UN High Commission for Refugees is basing its rehabilitation plans on 250,000 returning every six months to enable it to gauge the services it will need to transport and feed them on their journeys and then to provide them with a year's food to cushion them through two crop cycles, plus farming seeds and basic implements. It estimates that this

could cost \$100m per 1m refugees. It is clear that houses and villages have been demolished by the war, irrigation ditches - often only of mud and therefore quickly repairable - have crumbled and that roads including trunk roads have been ruined by military traffic.

One UN estimate puts the total reconstruction programme cost at \$1.3bn to \$1.4bn over three years from the start of next year.

Australia's mini-budget route to a streamlined economy

By Chris Sherwell in Sydney

FEW COUNTRIES have embraced the cult of the mini-budget as readily as Australia - and few finance ministers have woven its political and economic intricacies together as skillfully as Mr Paul Keating.

As Treasurer since the Labor Party came to power under Mr Bob Hawke in 1983, and as a politician to his 44-year-old fingertips, he will rise in parliament tomorrow night to present his fourth mini-budget in five years.

Along with the August budget, an imminent wages battle with the unions and next month's biennial Labor Party conference, tomorrow's statement will be an event of importance to Australians' everyday lives.

The world should watch too, because Mr Bob Hawke, the Prime Minister, Mr Keating and a handful of other dynamic economic ministers are an unusual phenomenon: a Labor leadership, elected in a competitive democracy, pursuing a gradualist structural adjustment of a developed economy without inducing a recession.

Tomorrow's event is lent further poignancy by the recent low ebb in the Government's political fortunes after losing power in the highest state, New South Wales, and some significant by-election defeats and ministerial resignations.

Yet Mr Keating is expected to maintain the sort of fiscal discipline he has latterly made his trademark, and to continue to make a virtue of it.

Tight monetary and fiscal policies, real wage restraint and a major currency depreciation have helped reverse the steep deterioration in the current account deficit and contained the explosion in foreign borrowing.

In the process, reduced government spending and an array of new taxes have turned around the federal budget deficit, so that the Canberra Government is now approaching the June end of the 1987-88 financial year with a forecast surplus of more than A\$1bn (\$75m).

This is even better than the impressive near-balance Mr Keating projected in last September's budget and is a dramatic improvement on the situation four years earlier.

It is also a trend which is likely to continue. Thus, even before it takes any fresh tax or

Sweeping new reforms endorsed in major victory for Gorbachev

BY QUENTIN PEEL IN MOSCOW

FURTHER sweeping political and economic reforms in the Soviet Union were endorsed unanimously yesterday at a meeting of the Communist Party Central Committee. The programme, which marks a victory for Mr Mikhail Gorbachev, the Soviet leader, will be presented to next month's crucial conference of the party.

The proposals, still to be published, are believed to involve a radical shake-up of the ruling party structure and an extension of the perestroika process of economic reform to accelerate the country's stubbornly sluggish economic growth.

Advisers to the Soviet leader said yesterday that the economic restructuring process had barely begun and warned that the plan would involve further political and economic upheavals.

At the same time Mr Yegor Ligachev, second-in-command to the Soviet leader, who is seen as a more cautious figure, told a meeting of Soviet parliamentarians that the conference blueprint was a "very important document" covering further economic reform, glasnost (openness) and the development of democracy.

Mr Ligachev was last month reported to have had a showdown with Mr Gorbachev following publication of a defence of Stalinism in the party newspaper *Sovetskaya Rossiya*. But he has made several high-profile appearances lately, including his parliamentary address yesterday, which were seen as suggesting that he and Mr Gorbachev are putting forward a united front in the run up to the party conference.

All the branches of the 20m-strong ruling party are in the process of nominating candidates to the key 5,000-delegate conference, the first since 1941, which will have a crucial bearing on Mr Gorbachev's reforms.

The reforms are seen as attracting less support in rural regions and industrial zones outside of the capital, where many entrenched party officials fear their jobs and privileges could be lost and want to maintain the



Gorbachev: successful



Ligachev: cautious

status quo.

In regions where the party hierarchy is dominated by those dragging their feet on reform, party conference delegates are likely to oppose radical change.

The official announcement from yesterday's plenary meeting of the Communist Party Central Committee said Mr Gorbachev presented the "draft theses" for the Party conference as agreed by the ruling Politburo. They will now be published in the press "for extensive discussion."

A separate press conference organised by the Soviet Foreign Ministry for domestic and foreign correspondents, was addressed by four leading proponents of the reforms.

Mr Leonid Abalkin, director of the Institute of Economics of the Soviet Academy of Sciences, said the process required further radical reform in the management of the economy, and the development of democracy. "One without the other is unthinkable," he said.

"We need a whole series of measures, one of which would be changes in the price structure," he said. "We need a transformation of the banking system, new credit relations, also changes in wholesale trade."

Ms Anyana Zaslavskaya, director of the Centre for the Study of Public Opinion and Socio-economic Problems, said the change under perestroika "is only just beginning."

Japan sets economic growth at 3.75% in new five-year plan

BY STEFAN WAGSTYL IN TOKYO

JAPAN LOOKS certain to commit itself to expanding its economy at a rate of 3.75 per cent annually according to a five-year development plan published yesterday.

The Government is expected on Friday to adopt a 1988-92 economic programme which calls for cuts in the external surplus, improvements in Japanese living standards and a reduction in Tokyo's dominance of the domestic economy.

Mr Noboru Takeshita, the Prime Minister, is likely to present the plan to the Western economic summit in Toronto next month as further evidence of Japan's commitment to maintaining domestic-led economic expansion. The programme, which has been prepared by an advisory council to the Prime Minister, already has the Government's tacit approval.

The report forecasts growth in domestic demand of around 4.25

per cent in real terms, and 3.75 per cent annual growth in the economy as a whole, allowing for a predicted decline in external demand.

The forecast was preceded by fierce argument between officials over the precise figures. The Ministry of International Trade and Industry, mindful of the overseas pressure on Japan to maintain high growth, wanted the forecast for domestic demand growth to be 5 per cent a year. But the Ministry of Finance argued strenuously for a figure of 4 per cent for fear of the Government being committed to an over-ambitious target.

The report has been criticised by some private economists for omitting any specific target for the reduction of Japan's external surplus - the most politically sensitive barometer of Japan's economic development. However, it does say that the surplus will be decreased to "an international-ly-harmonious level". Mr Takeshita is expected to be questioned closely on his aims in this field in Toronto.

The Government is separately forecasting that the current account surplus in the 1988 financial year which ends next April will fall to 2.6 per cent of the gross national product, down from 4.5 per cent in 1986.

The five-year plan which covers the period to the end of the 1992 fiscal year, called Economic Context, also calls for correction of high land prices, expansion of housing supply, a reduction of working hours to 1,800 a year per head annually from 2,100 in 1980 and a cut in Japanese food prices. The report proposes an (unquantified) increase in Japanese aid to developing countries.

The programme revives a post-war tradition of five-year plans. Form no substitute for substance, Page 19

Europe	2	Crossword	23
Companies	22	Intelligent comment	18
America	21	Sharepoints	24
Companies	21	Sharepoints	24
Overseas	3	Financial Futures	21
World Trade	5	Int. Capital Markets	24
Britain	6-8	Letters	20
Companies	26-28	Management	19
		Money Markets	21
		Observer	18
		New Materials	20
		Stock markets	22-24
		Wall Street	22-24
		London	22-24
		Technology	19
		Uki Yotsu	23-24
		Weather	22
		Commercial Law	23
		Commodities	20

UK LABOUR PARTY EMBARKS ON A JOURNEY TO THE FUTURE

Leader Neil Kinnock sees the coming battle in terms of the old versus the new, Page 18

Luxembourg: Bitter row erupts over Sunday working	2
Luxury cars: Jaguar leaps forward to reverse decline	8
Technology: Eagle eye - don't hold your breath in the fog	9
Management: Computer-aided design - the key to survival	16
Editorial comment: Where to go after Kadar; Priorities for community care	18
Foreign Affairs: Form is no substitute for substance	19
Lex: Australia; Associated British Foods; Barclays; Glaxo	20
Sportswear: Reebok sprints into foreign markets	21

SEND FOR YOUR FREE VIDEO INTRODUCTION TO THE FUTURES AND OPTIONS MARKETS.

You've certainly heard of the futures and options markets. You probably know that by investing in them, you can make substantial profits whether the markets are rising or falling. And you may even have realised that with today's uncertain stock market, putting some of your assets to work in futures and options may be the best financial decision you could make.

Even so, you may well be hesitating before embarking on an entirely new kind of investment.

If so, we'd like to offer you a copy of GNI's 20-minute VHS videotape "Introduction to the Futures and Options Markets". It shows you the markets in action. Explains the potential rewards - and the risks - objectively. Tells you why the markets are serving an increasing number of investors across the world.

And shows you just how GNI - one of the leading futures brokers houses in London - goes about helping its institutional and private clients.

If you have assets of £15,000 or more that you could consider exposing to the opportunities in today's futures and options markets, send the coupon or telephone Peter Phelan on 01-578 7171.

Peter Phelan, GNI Ltd., 1 London Bridge Wall, London SE1 2SX or GNI (Jersey) Ltd., 14 Britania Place, Bath St., St. Helier, Jersey, CI.

I am in a position to consider futures and options investment through GNI. Please send me a copy of your video.

NAME _____ ADDRESS _____

EUROPEAN NEWS

DISQUIET OVER NEW HUNGARIAN PARTY LEADER'S DECISION TO STAY ON AS PREMIER

Grosz' reformist intentions doubted

BY LESLIE COLTIN IN BUDAPEST

HUNGARY'S NEW Communist party leader, Mr Karoly Grosz, faces intense scrutiny of his credentials as a reformer from the disaffected party members who helped force his veteran predecessor, Mr Janos Kadar, out of his office on Sunday.

Advocates of economic and political reform have hailed as a victory the dismissal from the central committee of dozens of orthodox party apparatchiks and their replacement by reform-minded managers and academics.

But some quarters in the party were disappointed by the fact that Mr Grosz has opted to retain "temporarily" the post of Prime Minister, prompting scepticism about the prospects for a real separation between party and state.

One delegate at the weekend party conference, which re-elected Mr Kadar to the ceremonial post of party president after 32 years as Hungary's effective leader, reacted to Mr Grosz's retention of the two posts by striking his forehead in an eloquent central European gesture of frustration.

"Look at the document just approved by us," he said, referring to a policy statement adopted by the conference which pledged that the party "must not take over the functions of the state".

Also, changes in the politburo were less sweeping than radical reformers, who favour the democratisation of party and political life, would like to see.

While the old guard of politicians surrounding Mr Kadar was ousted, only two bona fide

Hungary's ruling politburo: Karoly Grosz (57), general secretary and Premier, member since March 1985.

Janos Berecz (57), party ideologist, member since June 1987.

Judit Csébak (46), Minister of Health and Social Affairs, member since June 1987.

Csaba Hamori (39), head of Hungarian youth movement, politburo member since March 1985.

Pál Iványi (46), mayor of Budapest, new member.

Janos Lukacs (53), Central Committee secretary since June 1987, new politburo member.

Miklos Nemeth (40), Central Committee secretary in charge of economic policy since June 1987, new politburo member.

Reszo Nyers (65), economist and former politburo member ousted in 1973, new member.

Imre Pozsgay (54), head of Communist-sponsored Patriotic People's Front, new member.

Istvan Szabo (63), agricultural co-operative expert, member since March 1985.

Lena Tatal, age unknown, director-general of Taurus rubber plant, new member.

Eight members of the old 13-member politburo were dropped: Janos Kadar, Karoly Nemeth, Sandor Gaspar, Ferenc Havasi, Gyorgy Lazar, Miklos Ovari, Laszlo Marothy, Gyorgy Aczel.

reformers were "co-opted" into the 11-member body. They are Mr Imre Pozsgay, the liberal head of the Communist-backed Patriotic People's Front and Mr Reszo Nyers, the father of Hungary's 1983 economic reforms.

The others are largely technocrats who have served under Mr Kadar since 1955 and who could be swung in several directions.

Mr Grosz realises that without far-reaching political change he cannot get Hungarians to accept the sacrifices needed in order to turn round the ailing economy. But an examination of the party's policy statement indicated that the sweeping reforms sought by many within the party may be unacceptable to the new leader.

this, one party official noted, was that Hungarians "have never known genuine political democracy."

Reform advocates regard this as unreasonable. "We had a democratic tradition in Hungary, although not a democratic society in the past," noted Mrs Julia Szalai, a prominent sociologist and board member of the TUDSZ, the new 1,500-member independent trade union for scientific workers.

"The party is wrong, I believe, if it thinks of us as an infantile society," she observed yesterday at a union meeting which expressed a cautious welcome for the changes in the Hungarian leadership.

While some party officials were keen yesterday to describe Mr Grosz's assumption of power as an amicable handover, opposition groups said it was plain that Mr Kadar had been forced out.

"It was the first time in Eastern Europe that a party leader was forced to resign by the party. This is what was important," Mr Ferenc Koszeg, publisher of the opposition journal Beszelo, insisted.

From ordinary Hungarians, there were some sceptical comments about the prospects for reform, even after Sunday's personal changes.

"Reform? No," said a taxi driver. In any case, he asked, "why more economic reforms when the old ones only gave us inflation, taxes and unpayable debts?" He was exaggerating, as many Hungarians do, to make a point.

Turkey invaded and occupied the northern third of the island republic in the wake of a short-lived Greek military coup there in 1974.

Mr Yilmaz has declared that Turkey will not withdraw its troops from the island, and that he intends to visit the self-styled Turkish Cypriot state in northern Cyprus, which is recognised only by Ankara.

Accordingly, Mr Yilmaz has ruled out any discussion of the Cyprus issue in this week's talks. These properly begin today, and are designed to prepare the way for an official visit to Greece on June 13 by Mr Turgut Ozal, the Turkish Prime Minister.

Mr Ozal, by contrast, has expressed willingness to discuss Cyprus in Athens. One of the things that the Greek delegations, headed by Mr Karolos Papoulias, the Foreign Minister, will be trying to glean over the next few days will be the extent to which Mr Yilmaz is speaking independently of Mr Ozal.

Asked at the airport what he expected from his Athens talks, Mr Yilmaz replied laconically: "Friendship". The agenda for this week's talks was not officially known yesterday.

However, the Greek side is expected to raise the issue of military exercises in the Aegean, particularly in the light of a barrage of alleged Turkish violations of Greek airspace.

Greek press reports also suggested that the talks would include confidence building measures such as the lifting of Greek visa requirements for holders of Turkish diplomatic passports and the approval of land in Istanbul for the construction of a Greek Embassy in exchange for permission for extension work on the Turkish Embassy in Athens and the granting of land for new Turkish consulates in Rhodes and Thessalonica.

The report said that Mr Arvo Aalto, the party's chairman, will hand in his resignation at a Central Committee meeting next week and that the 11-man politburo would offer its resignation.

The move follows an estimated loss of \$50m when the party sold land in Helsinki and bought shares in a Finnish clothing company and other investments which suffered from the world stock market crisis last October.

Anti-Turk bombs greet minister in Athens

By Andriana Ierodiasconou in Athens

TWO bomb explosions damaged cars belonging to Turkish embassy personnel in Athens and two more bombs were defused by police, as Mr Mesut Yilmaz, Turkey's Foreign Minister, arrived for five days of talks.

Responsibility for the attacks, which also blew an embarrassing hole in the draconian security operation mounted by the Greek authorities for Mr Yilmaz's visit, was claimed by "November 17".

This is a shadowy terrorist organisation with a record of unsolved bombings and assassinations of Americans and Greeks in Athens stretching back to 1975.

Security arrangements for the minister's visit included details of frogman assigned to patrol the waters of the seaside hotel at which he will be staying until his departure on Friday.

Mr Yilmaz, who is the first Turkish Foreign Minister to visit Greece since the Socialist Government took office here in 1981, has made himself highly unpopular in Athens in recent weeks with a series of hawkish statements on Cyprus.

He has said that the Cyprus issue is unrelated to the "Davos" process of Greek-Turkish reconciliation, begun in January when the two countries held an informal summit in Switzerland.

Turkey invaded and occupied the northern third of the island republic in the wake of a short-lived Greek military coup there in 1974.

Mr Yilmaz has declared that Turkey will not withdraw its troops from the island, and that he intends to visit the self-styled Turkish Cypriot state in northern Cyprus, which is recognised only by Ankara.

Accordingly, Mr Yilmaz has ruled out any discussion of the Cyprus issue in this week's talks. These properly begin today, and are designed to prepare the way for an official visit to Greece on June 13 by Mr Turgut Ozal, the Turkish Prime Minister.

Mr Ozal, by contrast, has expressed willingness to discuss Cyprus in Athens. One of the things that the Greek delegations, headed by Mr Karolos Papoulias, the Foreign Minister, will be trying to glean over the next few days will be the extent to which Mr Yilmaz is speaking independently of Mr Ozal.

Asked at the airport what he expected from his Athens talks, Mr Yilmaz replied laconically: "Friendship". The agenda for this week's talks was not officially known yesterday.

However, the Greek side is expected to raise the issue of military exercises in the Aegean, particularly in the light of a barrage of alleged Turkish violations of Greek airspace.

Greek press reports also suggested that the talks would include confidence building measures such as the lifting of Greek visa requirements for holders of Turkish diplomatic passports and the approval of land in Istanbul for the construction of a Greek Embassy in exchange for permission for extension work on the Turkish Embassy in Athens and the granting of land for new Turkish consulates in Rhodes and Thessalonica.

The report said that Mr Arvo Aalto, the party's chairman, will hand in his resignation at a Central Committee meeting next week and that the 11-man politburo would offer its resignation.

The move follows an estimated loss of \$50m when the party sold land in Helsinki and bought shares in a Finnish clothing company and other investments which suffered from the world stock market crisis last October.

Row with teachers challenges Italian spending curbs

BY JOHN WYLES IN ROME

AN INCREASINGLY bitter dispute with a fragmented trade union system representing 1m disaffected schoolteachers is emerging as the first major challenge to the new Italian government's authority and to its strategy for curbing public spending.

Pay negotiations are due to resume this evening against the background of widening industrial action which is halting the continuous assessment process for many thousands of Italian schoolchildren and which could block school-leavers' final examinations in three months.

An anxious Mr Ciriaco De Mita, the Christian Democrat leader who formed his government only a little over a month ago, has appealed to teachers to co-operate and to allow the school year to close "without traumas".

The present climate of unrest is said to follow years of government neglect of the primary and secondary school system. The result is a superabundance of teachers - the Government wants to redeploy 50,000 by 1990 - who complain of bureaucratic interference, low professional standards and poor pay levels.

Starting salaries are around L10m (2,478) a year and rise to around L12m-L13m at retirement age.

Spiralling dissatisfaction was marked a couple of years ago by the emergence of a rank-and-file breakaway group from the three mainstream trade union confederations, which called itself Cobas.

Cobas has since become a generic term for all dissatisfied rank-and-file members rejecting the authority of their traditional unions. But the original Cobas has split into a radical and moderate wing - the latter having adopted the name Glida.

Add in a longer-established independent teaching union, Snaals, which claims 180,000 members, and the result is a negotiating nightmare for the Government.

Only the three traditional union confederations, CISL, CGIL and UIL, will be present at today's negotiations, since the ministers who are personally handling the talks are refusing to meet the other groups because they are staging industrial action.

They are also trying to bid up any possible pay deal, ready to condemn the confederations for any "sell-out" and possibly able to undermine any settlement agreed with the Government.

Ministers are making efforts to buy a deal, partly because there seems to be strong public sympathy for the teachers' pay grievances and partly for fear that the dispute could affect the outcome of local elections this weekend.

The Government has already tabled a three-year deal worth L3,000m, despite the fact that this year's budget has allocated only L700m and that the Cabinet is due tomorrow to adopt a medium-term programme of budgetary austerity.

There is no indication that any such pay deal can be struck. Ministers are making efforts to buy a deal, partly because there seems to be strong public sympathy for the teachers' pay grievances and partly for fear that the dispute could affect the outcome of local elections this weekend.

New era for neo-fascist party as old leaders die

BY JOHN WYLES IN ROME

ITALY'S neo-fascist party, the MSI, today buries two of the men who have dominated its post-war history - and in the process marks the death of a political era.

The death of Mr Altomonte on Sunday has caused much grief among older MSI members, both because of the personal affection he commanded and because his passing breaks the last important link with Benito Mussolini. The 73-year-old former MSI leader served as a ministerial aide in the Republic of Salò which Mussolini set up behind German lines in 1943.

Mr Altomonte never ceased to insist on the importance of the MSI's fascist heritage, although he himself did much to make the party respectable - transforming its scartorial association from blackshirts to double-breasted suits - and to establish its electoral position as the country's fourth largest.

Ironically, Mr Romualdi was often on the opposite end of the argument to Mr Altomonte. A former vice secretary and president of the party, 74-year-old Mr Romualdi also served the Salò Republic and was imprisoned for three and a half years after the war. He was a major propagandist for the MSI and at his death was director of the party newspaper, Il Secolo d'Italia.

Mr Romualdi was often on the opposite end of the argument to Mr Altomonte. A former vice secretary and president of the party, 74-year-old Mr Romualdi also served the Salò Republic and was imprisoned for three and a half years after the war. He was a major propagandist for the MSI and at his death was director of the party newspaper, Il Secolo d'Italia.

Mr Romualdi was often on the opposite end of the argument to Mr Altomonte. A former vice secretary and president of the party, 74-year-old Mr Romualdi also served the Salò Republic and was imprisoned for three and a half years after the war. He was a major propagandist for the MSI and at his death was director of the party newspaper, Il Secolo d'Italia.

Mr Romualdi was often on the opposite end of the argument to Mr Altomonte. A former vice secretary and president of the party, 74-year-old Mr Romualdi also served the Salò Republic and was imprisoned for three and a half years after the war. He was a major propagandist for the MSI and at his death was director of the party newspaper, Il Secolo d'Italia.

Finnish communist chief 'to resign' over scandal

THE HEAD OF THE Finnish Communist Party is resigning, taking responsibility for costly speculation on the stock market, Finnish radio reported yesterday, agencies report from Helsinki.

The report said that Mr Arvo Aalto, the party's chairman, will hand in his resignation at a Central Committee meeting next week and that the 11-man politburo would offer its resignation.

The move follows an estimated loss of \$50m when the party sold land in Helsinki and bought shares in a Finnish clothing company and other investments which suffered from the world stock market crisis last October.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

Yugoslav opposition to PM's reform plan

By Aleksander Lukic in Belgrade

MR BRANKO MIKULIC, the Yugoslav Prime Minister who 10 days ago survived an attempt by the republics of Croatia and Slovenia to oust him, has been dealt a new political blow, this time by the country's ideological leaders, who say they will not support his plan for accelerated constitutional reform.

The reform was dealt by leaders of the Socialist Alliance, an increasingly influential umbrella organisation in which the largest constituent is the Communist Party.

Mr Mikulic has asked Parliament to approve a series of constitutional reforms by mid-September instead of November 28, as initially planned. If it proves impossible to push through the whole package as early as that, he wants the provisions dealing with the economy to be hived off and dealt with before the other proposed changes.

However, it has now emerged that the Socialist Alliance's Federal presidency, the leading Communist, Mr Vukobratovic, said the body could not support either the accelerated approval of the whole package, or the idea of splitting it into two halves.

He was supported by the majority of the Socialist Alliance's leaders, with the notable exception of Mr Jovan Stokic, president of the Alliance's Slovenia branch, who said the ideas of Mr Mikulic were worth considering.

The constitutional reform proposals would facilitate foreign investment by allowing overseas partners in Yugoslav enterprises a real degree of managerial control, and pave the way for an equity capital system.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

They are also intended to strengthen the federal Government and trim the power of Yugoslav's republican and local administrations, whose influence over the economy has been widely criticised.

Relief in Moscow at departure of Kadar

BY QUENTIN PEEL IN MOSCOW

THE REMOVAL from power of Mr Janos Kadar was greeted in the Soviet Union with typical understatement but apparent relief, detectable only in the enthusiastic greeting sent by Mr Mikhail Gorbachev, the Soviet leader, to Mr Karoly Grosz, the new party chief.

The positive Soviet reaction was in marked contrast to the cool response from East Germany's official media, and to the total silence on the developments in Hungary from the press in Romania.

East Germany's official news agency, ADN, stressed Mr Kadar's final remarks at a special three-day Hungarian party conference that the way ahead could only be within Communism and a one-party state.

Western diplomats and East European sources said Mr Erich Honecker, the 75-year-old East German leader, would view the Hungarian shakeup with alarm but would not feel forced to change course.

In Moscow, the news was dominated by Mr Gorbachev's own pre-summit interview with US journalists, which conveniently relegated the upheaval in Budapest to a single column on the front page of Pravda, the Communist party newspaper.

Details of the Hungarian party debate, including a cautious account of the criticism of Mr Kadar's leadership, ran on page six.

Mr Gorbachev's greeting to Mr Grosz was, however, appreciably more fulsome than his tribute to Mr Kadar. He called the new leader "a principled Communist and authoritative leader," and praised his "vigorous activity".

In contrast, Mr Kadar earned merely "congratulations" and the modest accolade of "friend and comrade" from the International Communist and workers' movement (and) a true friend of our country.

The change was greeted more enthusiastically by Mr Fyodor Burtulatsky, a close political adviser to Mr Gorbachev, who called the change "an additional factor for the reconstruction of socialism as a whole".

He said the Soviet Union and the rest of Eastern Europe were seeing a "new wave of reforms", in which each country was seeking its own appropriate solution.

In Czechoslovakia, the Communist party daily Rude Pravo gave factual coverage to the Hungarian changes but made no editorial comment, Ruter reports.

Prague has embarked on a cautious reform programme in the past year but diplomats say changes as radical as those in Hungary are highly unlikely under the present leadership.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.

Mr Claude Cheysson, the European Commissioner for Mediterranean affairs, recently endorsed new procedures covering the export of Palestinian produce from the occupied territories, clearing the way for the resubmission of the treaty to the Parliament. However, no date has yet been set for its re-examination and Western diplomats here are uncertain whether the two-thirds majority it needs for ratification can be mustered now.



French President Francois Mitterrand (left), went on his annual pilgrimage yesterday to his birthplace as a socialist fighter during the Second World War, also yesterday, extreme right-wing leader, Jean Marie Le Pen prayed at a war memorial in Marseille, where he is to stand as a candidate in the general elections.

Woman in car rams Berlin wall

A WOMAN rammed her speeding car into the western side of the Berlin Wall early yesterday and was seriously injured, according to police, AP reports from Berlin.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

The 20-year-old woman was taken to a West Berlin hospital after crashing her car into the base of the East German-built concrete barrier, West Berlin police said.

Tim Dickson reports on political conditions imposed by the Grand Duchy's largest foreign investor

Bitter row erupts in Luxembourg over Sunday working

LABOUR DISPUTES in Luxembourg are normally low-key and unexceptional events. But there has erupted this year an extraordinarily bitter and as yet unresolved row over Sunday working at the local Goodyear plant.

Speeches by the trade union bosses on May Day, for example, were liberally and in places colourfully sprinkled with references to the world's biggest tyre maker, which announced in January that a planned LuxFr 300m (24.5m) investment project would go ahead only if the workforce at its wire plant in the Grand Duchy accepted seven-day shifts.

The move has deepened the split between the Christian Union (the LOGB), which fiercely opposes the idea in principle, and the left-leaning Independent Union (the OGBL), whose leaders appear willing, albeit reluctantly,

to go along with the plan provided the terms are right.

According to Mr Billy Thiele, the public relations manager for Goodyear Luxembourg, the company is keen to introduce seven-day working throughout its factories in the Grand Duchy. But the

it has touched a sensitive political nerve, creating new tensions inside the Christian Social/Socialist coalition and raising the temperature of debate at a time when elections are looming. And it has highlighted the deep-rooted influence of the Roman Catholic Church in a country probably best known internationally as a burgeoning "offshore" centre of financial services.

Goodyear's presence in Luxembourg dates back to 1961, when it started making tyres at a small factory. The company is now the country's biggest foreign-owned business, with a total payroll of around 4,200. Only Arbed, the once mighty steel concern, is today a bigger industrial employer.

According to Mr Billy Thiele, the public relations manager for Goodyear Luxembourg, the company is keen to introduce seven-day working throughout its factories in the Grand Duchy. But the

"We see Sunday working as a necessary step and we have said that if we do not get an agreement, we will close the wire plant on January 1 1990." Altogether 430 jobs are at stake, though Mr Thiele points out that, given the seven-day deal, a further 40 employees would be required to operate the new shifts.

For the moment at least the postbox of the Independent Union appears academic, since the rival Christian Union, which claims the support of a majority of the workforce at the wire plant itself, refuses even to contemplate the management's plan. It draws a distinction between companies like Arbed - whose continuous process manufacturing plants must be kept going through the weekend for "technical" reasons - and those like Goodyear which it says wants to enforce Sunday working for straightforward "economic" reasons.

In the current stalemate most observers expect the next move to be made by the Government, which under a law of 1913 can permit temporary Sunday working at a given establishment without jeopardising the underlying principle.

With public interest high, however, the Catholic Church openly supporting the Union's militant stand, and Goodyear seemingly adopting an uncompromising

approach, Mr Jean-Claude Juncker, the Minister of Works, is stepping into a political minefield. His decision has been made even more delicate by the fact that he is a member of the conservative Christian Social party.

Besides the religious sensitivities (evident in another hotly-contested political debate on education), there are major economic considerations for the Grand Duchy in keeping a leading employer content. Insiders believe that this consideration has ultimately won the day.

Some Luxembourgers are a shade sceptical about the company's public assurances and worry that the hard-headed men at Goodyear's headquarters in Akron, Ohio

OVERSEAS NEWS

Ex-president Nair calls on Singapore's PM to resign

BY ROGER MATTHEWS IN SINGAPORE

THE POLITICAL ROW over alleged US interference in Singapore intensified yesterday when Mr Devan Nair, a former President of the republic, called for the resignation of Mr Lee Kuan Yew, the Prime Minister, and senior ministers made further attacks on members of the US State Department.

Mr Lee had become an albatross around the necks of the younger generation, declared Mr Devan Nair in Kuala Lumpur, the capital of neighbouring Malaysia.

He had been a superb captain of a superb team, he said. Economically there was considerable evidence of Mr Lee's skill as a manager, but it was marred by what Mr Nair described as "an abysmal political style; intolerant of dissent".

The row with the US he said, was a case of "beating the nationalist drum, so typical of people who are politically bankrupt".

In a statement before he left for Kuala Lumpur at the weekend, Mr Devan Nair drew a comparison between the behaviour of Mr Lee in courting foreign governments when he was in opposition, with that of Mr Francis Seow.

Mr Seow, a former Solicitor General currently being held without trial, is accused of developing subversive contacts with American officials. Mr Lee demanded an apology for "this defamation".

Mr Seow had been planning to stand as an opposition candidate at the general elections later this year and is said to have sought guarantees of political asylum in the US if he ran into trouble with the authorities.

The Singapore Government still seems undecided about how far up the US Administration the perceived plot to interfere in its domestic politics stretches.

It has accepted a letter from Mr George Shultz, the Secretary of State, stating that it was not US policy to interfere in Singapore.



Brig Gen Lee Hsiang Loong, Minister of Trade and Industry: US attempts to encourage a group of Singaporeans to run in elections were "full, frontal and blatant". US diplomat Mason Hendrickson would have been arrested if not for his diplomatic immunity

However, ministers have named other State Department officials whom they said had worked with Mr Mason Hendrickson, the US diplomat who was told to leave the country two weeks ago.

Brig Gen Lee Hsiang Loong, the Minister of Trade and Industry, said yesterday that had it not been for Mr Hendrickson's diplomatic immunity he would have been arrested.

His attempts to encourage a group of Singaporeans to run in the elections were "full, frontal and blatant." He warned that any

Israeli journalists charged

By Andrew Whitely in Jerusalem

TWO JEWISH journalists face up to 40 years' imprisonment after being formally charged yesterday with working for a Palestinian Marxist organisation dedicated to the destruction of the Israeli state.

Mrs Michal Schwartz and Mrs Roni Ben-Ezrat were editors and co-founders of a far-left newspaper, Derech Hamizot, closed down by the security authorities in February. Four more of its staff, including the publisher, are also under arrest.

The bi-weekly newspaper, published in both Hebrew and Arabic, is accused of acting as a front for the Democratic Front for the Liberation of Palestine.

Red Cross digs in

The International Committee of the Red Cross yesterday rejected a controversial Ethiopian demand that it should remove thousands of tonnes of emergency food and equipment from the country within two weeks if it did not want to hand the stocks over to Ethiopian aid agencies for distribution to the hungry, Victor Mallet writes from Addis Ababa.

"We won't be moving food out of Ethiopia," said Mr Vincent Bernard, ICRC spokesman. ICRC officials hope to negotiate a temporary solution to the dispute soon.

S African MP slain

Mr Peter Sam Jacobs, a member of the majority Labor Party in the South African House of Representatives, the mixed-race chamber of Parliament, was shot dead in his car Sunday night by an unknown assailant, police said. AP writes from Johannesburg.

Philippine views differ on the likely impact of land reform Manila ponders its land policy

BY RICHARD GOURLAY IN BATANGAS, PHILIPPINES

TALK TO ANYONE in the Philippine Congress these days and you will find land reform upon their lips.

It is variously described as the key to defeating the communist-led - but peasant-backed - guerrilla insurgency and a confessional plot that will trigger, rather than calm, social unrest.

On the other hand, talk to peasants like Alberto Alvarez, who would benefit from the redistribution of land and they are curiously unexcited by the antics in Congress.

Alberto Alvarez and his family are only unusual because they work more fertile land than many of the country's 35m peasants, land that is owned by the grandson of the first Philippine president, Emilio Aguinaldo.

But Mr Alvarez is not thinking about owning land at the moment, only about whether he and his seven brothers will be able to inherit the tenancy arrangement when his father dies. The Aguinaldo family has said it wants to put their two hectares to more profitable, industrial use.

Then there is the worry about how to borrow funds to buy for seed, fertilizer and pesticide without going to the loan sharks. These legendary rural usurers can lend five pesos and receive six back on the seventh day because the peasants have no collateral for "official" bank credit.

In effect the peasants pay interest of 20 per cent a week. Sitting on the porch of his father's scanty breeze block house, Mr Alvarez seems overwhelmed by the workaday troubles of being a tenant and says that owning land was an "illusion" that quickly passed away.

"If Cory (Aguinaldo) has sincerely to do genuine land reform, then she can do it," he says. "But we look at Congress and at the whole system in the country."

He is referring to the way that political power and land have been inextricably linked together

from Spanish colonial times, in the 19th century to the present.

According to Senator Heberson Alvarez, who is fighting to keep land reform legislation alive, the old land-owning families and their surrogates in the House of Representatives "have come together and are mounting an attack."

Earlier this year the House voted, 119 against 46, for a version of land reform that its authors admit is a stalling tactic and would leave most landlords with their land intact.

A House and Senate conference committee is now sitting to reconcile the two versions of the bill, while President Corason Aquino has steered clear of the debate. Before she lost her post in the newly elected Congress in 1987, she passed a bill outlining, in very general terms, her administration's backing for land reform.

But Mrs Aquino, whose family owns one of the country's largest sugar estates, left all the explosive details to Congress, thereby missing the opportunity to change the face of Philippine politics.

The cost is perhaps the long-run strengthening of the hand of the left," says the disillusioned Senator Alvarez. "The countryside will die. It is very vulnerable to more radical solutions."

His attitude is typical of Filipino and foreign observers who believe the 20-year long insurgency is a homespun peasant revolt based on a struggle for land rather than a revolution that has deep ideological roots.

But he is also fully aware of the magnitude of the task. Even though the land reform schemes all include compensation for the landlords, what the country's elite is really being asked to do is to give up its source of political power. "You release the people from bondage and you release the vote," he says.

To his namesake, Alberto Alvarez, 70 miles south of Manila

in Tartaria, even Senator Alvarez holds out no hope. His local farmers' group has tried to take the initiative.

They have squatted on a small amount of land that belongs to associates of former President Ferdinand Marcos who are no longer in the country, and they have tried to set up a co-operative.

But progress is halting and lonely without support from the Government. Inevitably, they spend hours musing about what they have always seen as their land and the history of the peasant struggle.

To them, the massacre of 16 peasants by Government marines in Manila during a rally for land reform in January 1986 was far more momentous than the dramatic removal of Marcos by a civilian-backed military revolt almost a year earlier.

They tell stories, now veiled in mystery and myth, of how they lost the land. Their forefathers, Alberto Alvarez says, had been clearing trees there, long before Aguinaldo arrived to claim the land in 1911, by which time he was a former president and colonial subject of the Americans, like all Filipinos.

Because they were ignorant and they recognised Aguinaldo as the former president, they simply bowed their heads and moved off the land, he recounts. They giggle now that their children are correcting their teachers' accounts of Philippine history.

To them, Aguinaldo is not the national hero. It is Andres Bonifacio, the country's first peasant rebel leader, who Aguinaldo had killed so he could become President himself in 1899.

True or not - Filipino historians do not agree - it is what Alberto Alvarez and his family believe.

"Aguinaldo could not accept that the first president of the country could be a peasant so he had him killed," he says.

US envoy in Kuwait for Middle East peace talks

GENERAL Vernon Walters, the US Ambassador to the United Nations, conferred yesterday with Kuwait's emir on ways of ending the Iran-Iraq war and the Palestinian problem, the Kuwait News Agency has reported. AP reports from Kuwait.

Gen Walters was received by Sheik Jaber Al-Ahmed Al-Sabah, the agency said, but gave no details of the discussions.

Gen Walters also met the Crown Prince and Prime Minister, Sheik Sand Al-Abdullah Al-Sabah, the agency reported.

When Gen Walters arrived in Kuwait on Sunday, sources said, he sought to sound out Kuwaiti officials on how to implement the UN Security Council's resolution calling for a cease-fire in the Gulf conflict.

Gen Walters, who is touring several Arab countries, flew to Kuwait from Iraq, which has said it will observe the UN resolution if Iran does. Iran has demanded that Iraq must first be branded the aggressor.

The United States has sought a follow-up resolution to impose an arms embargo on the Iranians for failing to give an unequivocal response.

Gen Walters complained in Baghdad that the Soviet Union and China "are not as forthcoming as we want them to be" on an arms embargo.

Moscow is Iraq's main arms supplier. US officials said China has sold Iran missiles, aircraft and tanks.

The Soviet Union, China, the US, Britain and France are permanent members of the UN Security Council.

Kuwait, among the Gulf Arab states, has been hardest hit by the war. Iran accuses it of aiding Iraq and has fired missiles at its coastal regions and attacked its ships.

Tunis, Tripoli ease border rules

BY FRANCIS GHILLES

TUNISIA and Libya, in a sign of rapidly improving relations, have agreed to remove restrictions on movement of goods and people across their border.

Following a visit to Tunisia by Col. Muammar Gaddafi, the Libyan leader on Sunday, the two countries agreed to issue a common identity card which would allow citizens of one country the right to reside, work and own property in the other.

It was the third visit to the country by Col Gaddafi in six months and underlined how far relations between the two countries have come since Tunisian President Zine El Abidine Ben Ali succeeded Habib Bourguiba last November.

Since the frontiers between

Tunisia and Libya were reopened at the end of last year, Tunisian nationals, especially from the impoverished southern provinces, have been travelling back south in search of work. The borders had been closed in summer 1984, when the Libyan leader expelled over 30,000 Tunisians working in his country.

Ten of thousands of Libyan tourists are meanwhile streaming to their northern neighbour in order to sample its relatively easy-going lifestyle. They are expected to contribute at least \$15m to Tunisia's foreign earnings from tourism which last year amounted to an estimated \$500m. Considering the value of Tunisian exports to Libya and receipts from Tunisians working

in Libya, improved relations between the two countries will be of considerable importance to North Africa's smallest state.

Improved relations could also lead to a more active role for the joint Libyan-Tunisian investment bank and the creation of much needed employment opportunities in Tunisia.

They could also result in a decline in expenditure on defence, a heavy burden in recent years, and greater stability in the region. Such stability can only help Tunisia develop its tourist industry which, since the collapse in the price of crude oil two years ago, has become the country's major foreign income earner.

Nigeria Airways' debt crisis deepens

NIGERIA AIRWAYS was plunged deeper into crisis at the weekend after another of its aircraft was seized in France over a \$20m debt, Reuters reports from Lagos.

The national airline's managing director, Major-General Olu Bajowa, said on Sunday a French court had prevented the Airbus A310 from flying home after repairs necessitated by a crash

landing last September. The French maintenance company, Sogerma seized the first Airbus last January, alleging non-payment of \$15m, and this latest move leaves Nigeria Airways with just one operational Airbus out of the four it owns.

Two are now blocked at Meringue airport in Bordeaux and a third is parked in a hangar at

Lagos airport awaiting spares. Sogerma said in April that Nigeria Airways owed a further \$8m to the makers of the wide-bodied European jets.

Maj-Gen Bajowa said in Lagos that the debt had reached \$31m and that he was continuing his efforts to settle it. But he claimed the latest seizure was unfair.

Advertisement for Sharp FO-80 fax machine. Text: 'THE ABILITY TO FAX THE UNFAXABLE. THAT'S SHARP.' Includes image of the fax machine and a list of features.

Advertisement for Regent Hong Kong hotel. Text: 'HONG KONG'S LEADING EDGE. One hotel stands proudly on the very edge of Hong Kong harbour. From here, privileged guests observe bright lights reflected in a sea of boats. And receive a standard of service with few, if any, equals. In Hong Kong, one hotel has the edge.' Includes Regent logo and contact information.

Continuation of Sharp advertisement. Text: 'FAX A PAGE FROM A BOOK. FAX A WORKING MODEL OF YOUR LATEST PRODUCT. FAX A TEXTILE DESIGN. IF IT FITS ONTO THE FO-80, YOU CAN FAX IT. THE SHARP FO-80S ARE FIRST-CLASS. THE SHARP FO-80S ARE FIRST-CLASS. THE SHARP FO-80S ARE FIRST-CLASS.' Includes Sharp logo and contact information.

Poll points to easy Salinas victory

BY DAVID GARDNER IN MEXICO CITY

MR Carlos Salinas de Gortari, the candidate of Mexico's Institutional Revolutionary Party (PRI) regime to succeed Mr Miguel de la Madrid in presidential elections on July 6, would win by a substantial margin, according to an opinion poll published yesterday by the centre-left daily La Jornada.

The poll, carried out in April in Mexico City, gives Mr Salinas 45.4 per cent of the vote but appears to confirm that Mr Cuauhtemoc Cardenas, a left-wing nationalist PRI dissident,

has displaced Mr Manuel Clouthier of the right-wing PAN as Mr Salinas's closest rival. Mr Cardenas, the son of the revered 1930s president, Gen Lazaro Cardenas, is given 28.3 per cent of preferences as "the best presidential candidate", against the 9.9 per cent of Mr Clouthier, a former businessman's leader.

They have also tried to mobilise opinion against Mr Cardenas appearing on Thursday at the National Autonomous University, Mexico's public universities are "autonomous" and are allowed to operate as left-wing bastions as a way of keeping the left ineffectual and out of mainstream politics. A respected former minister said: "If Cuauhtemoc (Cardenas) goes to the UNAM we risk destabilisation of all the universities but if he doesn't, his candidacy is dead."

IMF chief warns of inflation dangers

By Lionel Barber in Washington

MR MICHEL CAMDESSUS, managing director of the International Monetary Fund, yesterday issued a warning about the resurgence of world inflation. He said monetary expansion in a number of industrialised countries, notably the US, had lately been relatively rapid.

While sensible policies should ensure that inflation remains subdued, "governments will have to be particularly vigilant in this area," he declared. Mr Camdessus was speaking before the Australian Institute of Management's Bicentennial International Management Conference at the Gold Coast in Queensland, Australia.

He singled out the US, where he said the depreciation of the dollar still affected import prices. "The virtual elimination of economic slack could result in some bottlenecks and a resurgence of inflationary pressures." His remarks about the dangers of inflation follow the disclosure that the main policy-making committee of the US Federal Reserve system voted this spring to tighten monetary policy.

The Federal Open Market Committee issued a report of its March 29 meeting in which members said higher interest rates were needed "to prevent the business expansion from gathering excessive and unsustainable momentum that would lead to higher inflation."

Brazil's market planners tumble across the light

Ivo Dornelles analyses the doubts over the prospects for the new economic package aimed at liberalising trade



da Nobrega needs rapid deal

AFTER EIGHTEEN MONTHS of groping in the economic dark following the end of the disastrous price-freezing cruzado plan, Brazil seems now finally to have stumbled across the light-switch.

Whether, however, the new-found verities of public sector austerity and trade liberalisation will be effectively carried through is the question now intriguing the business and, most of all, the international financial community, currently perusing the terms for a new batch of loans to shore up the country's battered economy.

That, after months of vacillation, such a question is even being asked is, in itself, an extremely positive sign. At the beginning of May, a staccato series of measures to cut the country's public sector deficit from over 7 per cent to 4 per cent of gross domestic product (GDP) had looked hesitant and half-hearted.

Last week, that outlook changed radically, however, with a package of decree laws that went considerably beyond the expectations of those seeking an opening up of the Brazilian economy to the international market.

Moreover, vital questions have still to be answered on the exact terms of the liberalisation. What, for example, will be the rulings on imported technical goods containing micro-processors? Currently, licenses for such equipment can be handed out-right by the SET, the state computer industry secretariat which monitors and administers production of the sector. Without some revision here many of the technological provisions will be worthless.

Recent signals, however, suggest that pressures from Brazilian industry are already clipping SET's wings and that the secretariat is now ready to compromise, if only to ensure its survival. Less compromising, on the other hand, is Congress itself. So far, still absorbed by drafting the new constitution, the 539 deputies and senators have all but ignored both the trade measures and the budget cuts.

But all the evidence from their recent decision-making suggests that harsh reality is still a long way from displacing utopianism. Above all, the sobering reality of an inflation rate now ranging at 20 per cent a month and an anticipated negative growth rate for 1988 is expected to prove a powerful pragmatizing force when the Congress finally takes up real legislative powers after 24 years in the wilderness.

But congressional support is not all the Government needs. Mr Sarney may well find that several big-spending ministries - not least the military - now facing reductions of up to 20 per cent in their disposable resources may prove less able to deliver in practice what they have now agreed in principle.

Reagan envoy to hold talks with Noriega

By Lionel Barber in Washington

PRESIDENT Reagan has sent a senior envoy to Panama to continue talks aimed at ousting the country's strongman, Gen Manuel Noriega.

The White House hopes that Mr Michael Kozak, a senior US State Department official, can wrap up a deal with Gen Noriega before Mr Reagan leaves tomorrow for his summit in Moscow with Mr Mikhail Gorbachev.

Mr Michael Armacost, a senior State Department official, said yesterday: "It would be desirable to clear it up while the President is on our own soil."

Mexico risk on exchange rate

BY DAVID GARDNER

MEXICO is to keep its exchange rate frozen until at least the end of August as part of its anti-inflation shock plan, the Government announced on Sunday night.

The decision signals that the authorities are prepared to spend part of Mexico's \$17bn reserves in defending the peso as well as demonstrating a new confidence

that the anti-inflation drive is working. The rate of price rises has dropped from 15 per cent a month at the outset of the plan, known as the Economic Solidarity Pact, to an estimated figure of below 2 per cent for this month. The peso has effectively been frozen against the dollar since mid-December, anchoring the plan.

The plan's other central measures are a price freeze on public sector goods and services, voluntary price restraint by the private sector, a de facto wage freeze, cheap imports, and a radical cut in government spending.

Announcing that wages and prices would remain frozen for three more months, Mr Arsenio Farrell, the Labour Minister, said that in the first quarter government income had risen 9.6 per cent in real terms against the same period last year while spending had fallen 8.7 per cent.

In addition, the Bank of Mexico yesterday announced further interest rate reductions. Domestic rates have come down more than 100 percentage points under the pact, and they are expected to fall significantly further at the mid-week auction of Treasury Bills.

Tyres deal boosts hopes on pay

BY ANATOLE KALETSKY IN NEW YORK

THE United Rubber Workers, the main union in the US tyre and rubber industry, said yesterday that its members had accepted pay deals which would boost real wages by less than 1 per cent over the next three years.

The workers' acceptance of a modest pay settlement at a time when the US tyre industry is benefiting from the devalued dollar and when unemployment is declining sharply in the Mid-West manufacturing heartland, may help to allay anxieties about inflationary pressures from wages in the year ahead.

There will be no real gain in the workers' inflation-adjusted pay at the end of the contract period. Although the union pay deal covers only about 15,000 workers at Goodyear and about the same number at other companies, it is considered a significant pointer to trends in the rest of US manufacturing industry.

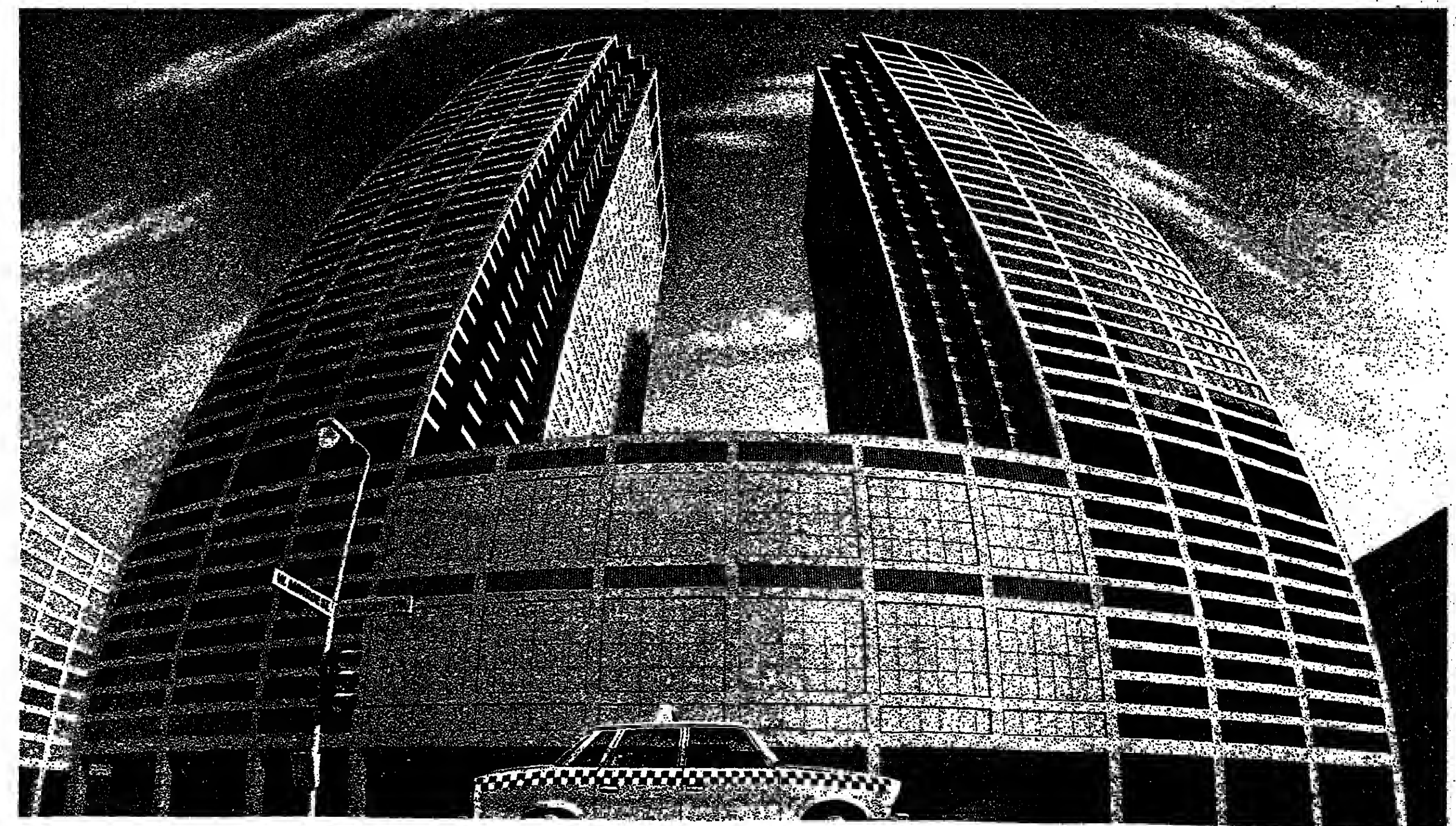
Contracts are due to expire this year for about 40 per cent of the 6.5m unionised workers covered by major multi-year collective bargaining agreements.

Real wages for unionised workers in the US fell by 1.6 per cent in 1987 and have declined in three of the last four years. Now that US unemployment has fallen to a 14-year low and demand for industrial products is booming, policy makers at the Federal Reserve Board are becoming anxious that unions will try to recover those losses in real purchasing power through higher wage demands.

CORRECTION

Repremar

In a story on May 10 we reported that Repremar, which owns the Falklands Squid Company and operates out of Port Stanley, is owned by an Argentine company. Repremar is in fact a Uruguayan company.



GET INTO INTERBANK RATES IN A BIG WAY.
The Chicago Mercantile Exchange is the world's biggest financial futures and options exchange.
So it comes as no surprise that inter-bank currency trading volume shows an

increase during the CME's trading hours. At the IMM, opportunities to limit risks and enhance trading opportunities present themselves, not as one bid and offer at a time, but as the best of hundreds of bids and offers from other companies, from banks and from private individuals. One call to us

is like calling every major bank or trader all over the world. Our unmatched liquidity also means quick confirmation that your contract has been placed and a rapid reaction to market changes. And we give every dealer the opportunity to eliminate delivery problems,

save on credit lines and ease the reconciliation procedures, whilst still trading at the interbank rate. And remember, in 1989, the Merc gets P-M-T (Post/Pre Market Trading). Under an agreement with Reuters, we'll be able to offer 24-hour trading opportunities for those

who clear through our clearing member firms. Now every dealer can enjoy the buying power of a big bank or a giant multinational. You're in business in the biggest way when you trade through the Merc. For further information call our London office on 01-920 0722.



CHICAGO MERCANTILE EXCHANGE THE BIG LEAGUE

WORLD TRADE NEWS

Rolls-Royce in engine pact with ILFC

By Lynton McLain
ROLLS-ROYCE, the UK aero-engine builder, and International Lease Finance Corporation (ILFC) of the US reached agreement yesterday for the supply of 25 Rolls-Royce engines to power three types of Boeing airliner.

Nancy Dunne reports on the plant closure debate, an issue generating public sympathy for unions for the first time in years

Business and labour do battle over Trade Bill measure

AT THE Capitol Hill signing of the 1988 Trade Bill, Democratic leaders brought out several workers to plead for President Reagan's signature on the legislation. One by one, they told of long years of hard work for a single employer, who then fired them with a few minutes' notice.

The dramatic ceremony, although blatantly contrived to serve the Democrats in the November election, kept the focus on a single issue in the Trade Bill - the requirement that plants employing at least 100 workers give 60 days' notice before layoffs.

The significance of the measure is mostly symbolic. It has a number of exceptions - as in closures due to "unforeseeable circumstances" - and it is enforceable by a fine of a mere \$500 per day for the 60-day period.



Dukakis: central issue

unemployment of 7.4 per cent would have been higher had not so many workers fled the state looking for jobs elsewhere. Mr Harry Lester, director of the local United Steelworkers, testified in favour of the bill, citing one recent shutdown at Almore Minerals in Detroit where workers were given only four hours' notice.

Other states have been joining battle with companies which propose to close their plants, particularly after the business has been given generous state and local benefits. In Minnesota a horse-shoe and automotive handtool plant is proposing to move to South Carolina. The city of Deluth has gone to court arguing

that, if the moves goes through, it is owed compensation for a \$10m tax-free bond financing. The debate provides a red hot issue for Massachusetts Governor Michael Dukakis, the probable Democratic presidential candidate, whose state has had a voluntary plant-closing law on the books since 1984 without driving away business.

Japan set for beef concessions

BY IAN RODGER IN TOKYO
THE Japanese Government appears ready to make fresh concessions aimed at settling the long dispute with the US over Japan's protection of its beef and citrus markets.

Japan's chief cabinet secretary, Mr Keizo Obuchi, hinted at the weekend that Japan would withdraw its proposal to impose surcharges on beef imports when the current system of volume quotas was dropped.

However, beef and citrus producers in Japan have considerable political muscle, and so government leaders have had great difficulty in winning the support of both the Cabinet and the ruling Liberal Democratic Party (LDP) for radical reform of the protection system.

Miti 'fears setback for trade surplus'

By Ian Rodger
JAPAN'S Ministry of International Trade and Industry fears the country's merchandise trade surplus in the fiscal year to March 31 1988 will remain at \$76bn (\$42bn), the same level as last year, according to a newspaper report in Tokyo.

Taipei checks coal contracts

BY BOB KING IN TAIPEI
COAL-PURCHASE contracts signed by the state-owned Taiwan Power Company with US suppliers from 1980 to 1984 are being investigated by Taiwan's Control Yuan, a government watchdog agency.

South Africa were far lower. Mr Lee Tai-hai, Economics Minister, earlier this month assured Parliament the Government would prosecute any officials it suspected of illegal conduct or dereliction of duty involving the purchases.

stuck when world prices declined. As a result, the Yuan charges, the company was forced to pay as much as 50 per cent more than the prevailing prices from other suppliers.

Spain, Indonesia to market aircraft in US

SPAIN and Indonesia are jointly to market aircraft in the US, Reuters reports from Jakarta.

Matsushita in computer deal

BY OUR TOKYO CORRESPONDENT
MATSUSHITA Electric Industrial, the leading Japanese consumer and industrial electronics group, has agreed to produce personal computers in the US for IBM.

The US authorities deemed the kits to be personal computers and therefore subject to the tariffs. Meanwhile, the increase in the value of the yen against the dollar has been such that Matsushita has concluded it would no longer be worth making the kits in Japan even if the tariffs were removed.

Nigerian Airbus held over debt

ANOTHER aircraft of Nigeria Airways has been seized in France over a \$20m debt, Reuters reports from Lagos.

Airways with one operational Airbus out of the four it owns. A third is parked at Lagos airport awaiting spares.

Major-General Olu Bajowa, the national airline's managing director, said a French court had prevented the Airbus A310 from flying home after it had been repaired.

Transport Association was Naira 1.6bn (\$200m). The military government increased the price of aviation fuel by 375 per cent in April this year but simultaneously refused to allow local and foreign airlines to charge their own fares based on the external value of the naira.

from Bunzl at 420p a share in 1986, has for the second year running reported a downturn in profits. Results for the year ended December show a pretax profit of £11.55 million against £12.59 million in 1986.

encouraged by the strength of the pound, are showing a sharply increased interest in acquisitions in mainland Europe. The latest figures show that their enthusiasm for the United States also remains undiminished.

Financial Advisers
1. Goldman Sachs Int'l (12)
2. Morgan Grenfell (11)
3. Shearson Lehman (10)
4. Kleinwort Benson (8)
5. Schroders (8)
6. N M Rothschild (10)
7. Lazard Freres (9)
8. Lazard Freres (10)
9. S G Warburg (2)
10. Samuel Montagu

Advertisement for British Gas featuring the headline 'GAS SHARPENS YOUR COMPETITIVE EDGE.' and an image of a hand holding a gas nozzle. Text includes: 'There is more behind the success of British industry than just the new mood of top management. There's British Gas. More companies use gas-fired process heat systems than any other. When companies turn to gas many save at least 20% on fuel costs. Some considerably more. They also find that productivity goes up. Unit costs go down. As a bonus, many companies also see a significant improvement in their product quality. For a free copy of our fact file, contact Peter Cleall, Manager, Industrial Development on 01-242 0789. British Gas could improve your company's competitive edge. Isn't it time you grasped the point? British Gas ENERGY IS OUR BUSINESS'

UK NEWS

Ericsson 'left out of' £100m BT telecoms order

BY HUGO DIXON

ERICSSON, the Swedish telecommunications manufacturer, has been left out of the latest batch of orders from British Telecom for new digital exchanges. It claimed, however, that this was a temporary gap reflecting a change in BT's contracts rather than a switch in BT's strategy. GEC Flessey Telecommunications (GFT), the newly merged UK manufacturer, received the vast majority of the latest £100m order for 800,000 exchange lines. BT is installing exchanges as part of its modernisation programme. Ericsson, which in previous batches seemed set to capture a

third of the BT market, received only a small order for extensions to exchanges it had already supplied. Mr Duncan MacDonald, managing director of Thorn Ericsson, the Swedish company's UK joint venture, said the reason was that BT was changing to long-term contracts with its suppliers to replace the previous system of quarterly batches. GFT has already negotiated such a contract, but Ericsson is still in negotiations. When the contract was finalised, however, Ericsson anticipated holding its market share of a third, Mr MacDonald said.

Blank-tape battle resumes

THE BATTLE between the music and computer software industries over a proposed blank-tape levy debated again in the bill's committee stage. The software industry is lobbying against the amendment, arguing that it would cost software manufacturers millions of pounds a year in lost copyright and tapes by a levy which would be raised on all blank tapes. Although an amendment to this

effect was defeated in the House of Lords, the matter is being debated again in the bill's committee stage. The software industry is lobbying against the amendment, arguing that it would cost software manufacturers millions of pounds a year in lost copyright and tapes by a levy which would be raised on all blank tapes. Although an amendment to this

CUTLERY AND SILVERWARE MAKERS SEE SURVIVAL FIGHT AHEAD

Plea for end to disguised imports

BY MICK GARNETT

WHAT REMAINS of the British cutlery and silverware industry could be wiped out after the European market further reduces trade barriers in 1992, trade associations representing the industry said yesterday. The Association of British Cutlery and Allied Trades believes that imports into the UK of cutlery and silverware manufactured in the Far East but labelled as produced in Europe will rise steeply unless changes are made in European Community rules. The UK cutlery and silverware industry has shrunk dramatically over the last 30 years. Imports of

knives and forks now account for 93 per cent of the UK market and employment in cutlery manufacturing in Sheffield has declined to an all-time low of 3,000. The industry believes, though, that even this remaining sector is under threat. Two years ago Britain was obliged to end the practice of ensuring that imported cutlery had to be stamped with the country of origin. This was done to bring the UK in line with the rest of the EC where it is possible, for example to import Korean made knives into the Netherlands and stamp them "made in Holland" for re-export. British cutlery makers and Italy are protected markets for which products made in the Far East are largely excluded. Association members said yesterday that if the French and Italian markets were opened up it would allow another supply source for "disguised imports" from the Far East supplying the UK with cutlery and silverware marked as being made in those European countries. The UK industry has been trying to persuade Government ministers that rules on country of

origin markings should be introduced to prevent any further encroachment of disguised imports. "If this subject is not tackled now then by 1992 EC countries which have enjoyed protection denied to UK manufacturers could seriously disrupt if not destroy the British cutlery and silverware industries," the association said. "The spectre of 1992 so heralded by the Government will bring European practices to the UK which means more disguised imports."

Britain accused of narrow view on 1992

BY GUY DE JONGHERES, INTERNATIONAL BUSINESS EDITOR

MR DAVID WILLIAMSON, the most senior British permanent official in the European Community and until recently an influential Downing Street adviser, yesterday accused the UK of talking too narrow a view of the EC's plans to create a single market by 1992. Mr Williamson, who was deputy secretary for EC affairs in the Cabinet Office until he became secretary-general of the European Commission, its top civil servant, six months ago, said in London: "In the UK, there is rather a heavy concentration on

contentious aspects of the plan. He insisted that the planned removal of internal EC customs barriers did not mean ending all controls on terrorism, drugs trafficking and rabies. But he declined to say whether Britain and other countries would be permitted to keep frontier controls after 1992, as some UK ministers have said they would like. He also appeared to have reservations about some EC proposals for harmonised social legislation, which could affect companies' relations with their employees. These proposals, strongly supported by Mr Jacques Delors, the EC Commission president, are being resisted by Britain. He expected the EC council of ministers to agree this year on commission proposals to liberalise capital movements, introduce mutual recognition of professional qualifications and to open up some areas of public procurement. Though the EC would undoubtedly face difficulties agreeing on some aspects of the single market programme, he was confident that these would be resolved.

Growth of venture capital industry 'an 80s success story'

BY HAZEL DUFFY AND IAN HAMILTON FAZLEY

LORD YOUNG, Trade and Industry Secretary, said yesterday the growth of the venture capital industry in Britain "must be one of the main success stories of the 1980s." He told a conference in Newcastle organised by the British Venture Capital Association and Price Waterhouse that the industry had grown from 20 funds investing less than £100m annually in the early 1980s to more than 100 funds investing more than £1bn last year. "In relation to GDP, the venture capital pool is now larger than in the US."

Lord Young: Investment larger than the US in GDP terms

The industry has been criticised for being concentrated in the south-east, but he noted that in the north-east, in addition to Northern Investors and Investors in Industry which have been operating in the region for some time, more venture capital providers like the Northumbrian Unit Trust were establishing a stronger presence. Lord Young said economic recovery in Britain was "not just a south eastern phenomenon. All regions are sharing in it, not least the north east where unemployment has fallen for the 12th consecutive month and is at its lowest level since 1981."

Lord Young said earlier that the north east has acquired "a tremendously high reputation for quality and output." The conference also heard that Britain's best entrepreneurs were motivated by profitability, not just share and sales. They found companies that grow at least three times faster than most new businesses, whose founders are more concerned with personal job satisfaction and a comfortable lifestyle. These findings have emerged from a study of what makes the fast growth in new businesses. It was funded by Price Waterhouse and the Department of Science, and carried out by Dr David Storey of Warwick University's Small Business Centre. Dr Storey said fast growth businesses founded in the 1980s employed three times more than other new businesses while those which were started in the 1970s were already five times bigger than their counterparts. Marketing was a key factor. All but 6 per cent of the fast growers had a marketing expert in their senior management. Only 37 per cent of the matching control group of slower growers had anyone with a marketing background involved. There was also a big difference in export performance, with 45 per cent of fast growers exporting - nearly half of these in significant amounts. Only 15 per cent of the slower growers were exporters, with only one on 20 selling large a proportion of output abroad.

Glaxo recruits finance director from Lazards

BY PETER MARSH

GLAXO, Britain's biggest pharmaceutical company, yesterday ended a year-long search for a new finance director. It has appointed Mr John Hignett, at present a managing director at Lazard Brothers, the merchant bank, to take over the post from August. Mr Hignett, who is 54 and a former director-general of the Takeover Panel, a City regulatory agency, will fill a vacancy left by the departure of Mr Charles Newcomb, the present finance director who retires on July 31. Glaxo's search created comment after it advertised the post in newspapers, a course considered unusual for an appointment of this kind. In the end, Glaxo said yesterday, the job was filled by the time-honoured technique of the old-boys' network. Mr Newcomb agreed to take the position after being approached by Sir Paul Girouard, Glaxo's chairman, who has known him for some 20 years. Glaxo said, however, that its advertising had been "very effective". It had attracted a number of high-level candidates as a result of which the company could have filled its post "several times over". Sir Paul, who was himself Glaxo's finance director between 1985 and 1989, is like Mr Hignett an accountant by background. They became acquainted through Lazard Brothers' work as Glaxo's merchant bank. Mr Hignett is already on the board of Glaxo Enterprises, a small Glaxo subsidiary concerned with fund management. Mr Hignett has worked for Lazard Brothers since 1963, with the exception of a break between 1981 and 1984 when he had his job with the Takeover Panel. He was said by his office yesterday to be out all week on urgent business and so was not available for comment.

Inner-city regeneration group makes £1m pre-tax

BY HAZEL DUFFY

INNER CITY Enterprises, the company owned by the big financial institutions which is involved in inner city regeneration projects, made a profit before tax of £1.04m in the year to March 31 1988, against £118,000 the previous year. The profit increase has resulted from ICE's expanded activities in the past couple of years, and strengthen the chances that it will go back to the institutions to ask for an increase in funding. ICE was set up five years ago to assess the viability of inner city activities for its institutional shareholders, acting as a development agency. More recently it has gone into direct property development and property management. Mr Wyndham Thomas, ICE chairman in his annual report, says that the objective of the company is to create ICEBERG - "an active pooled investment fund." The creation of such a fund was proposed originally by the Financial Institutions Group set up by Mr Michael Heseltine when he was Environment Secretary.

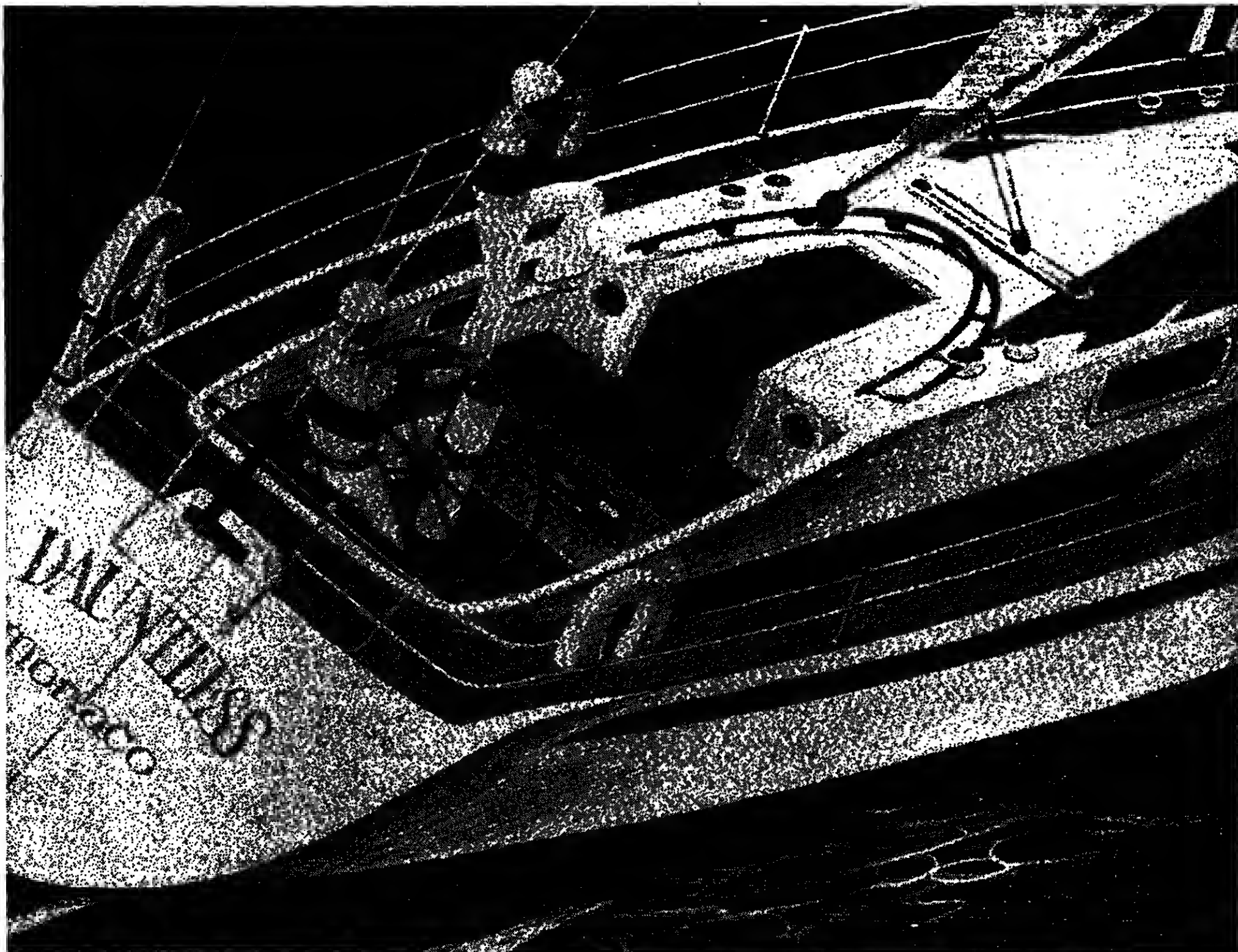
When did an oil company last give you a good laugh at their expense?

Mobil Touring Theatre has recently finished its third nationwide tour, with Alan Bennett's stylish comedy 'Habeas Corpus'.

The tour is part of Mobil's continuing programme to support top quality arts events around the regions.

Mobil success in sponsorship

Navigator.
Your Financial Consultant's most important job is to understand where you want to go and how to chart your course.



As an active investor, you need a partner who keeps abreast of financial opportunities virtually everywhere around the globe.

Your Merrill Lynch Financial Consultant is the person you can depend upon. He'll become familiar with your long-term objectives, and carefully help you fulfill them with all the resources of one of the most experienced financial institutions in the world.

Through your Financial Consultant,

we give you access to markets around the world, around the clock, the benefit of our top-ranked research team, and a broad array of other services.

Merrill Lynch Financial Consultants are ready to help you move ahead in 27 offices in 16 countries throughout Europe and the Middle East. For more information about our investment and private banking services, call one of our offices or return this coupon in complete confidence.

©1988 Merrill Lynch

Return this coupon to: Mr. A.J. Nemeth
MLPF&S Limited
Ropemaker Place
25 Ropemaker Street, 8th Floor
London EC2Y 9LJ
Telephone: 01-867-2419

Name: _____
Address: _____
Tel: _____

Merrill Lynch

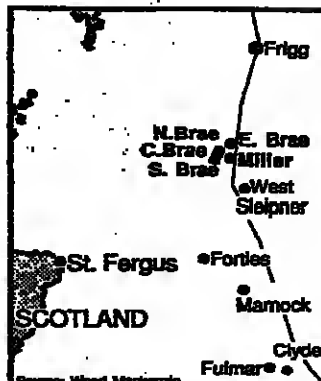
UK NEWS

Marathon and BP may each build gas pipe

BY MAX WILKINSON, RESOURCES EDITOR

THE BATTLE between British Petroleum and Marathon Oil of the US about who should build a 500km gas-gathering pipeline in the North Sea is likely to be resolved by each company building its own.

Last year the Department of Energy refused to agree to the idea of two separate systems to collect gas from nearby fields including Brae and Miller in the central section of the North Sea. It ordered the groups headed by Marathon, operator of Brae and BP, operator of the Miller field, to sink their differences and produce a joint plan.



Map showing gas fields in the North Sea, including Brae, Miller, and St. Fergus.

However, after talks had reached an advanced stage, the two sides reached deadlock on the question of how to apportion the costs of cleaning up the gas. Miller gas is "dirtier" than that from Brae, containing higher proportions of carbon dioxide and hydrogen sulphide.

The Marathon camp claimed that it would save to meet some of the extra cost of an onshore plant to clean up BP's "dirtier" gas.

The impasse was broken in March when BP decided to sell its first to the North of Scotland Hydro Electric Board for burning in a power station. In this case it would not need to be cleaned. Marathon would then need a considerably smaller processing plant for its gas when it landed at St Fergus in Scotland.

The Department of Energy appears to have agreed that the extra cost of building two smaller pipelines was roughly cancelled out by the saving in the clean-up plant. Since part of the project is financed by taxpayers through relief against Petroleum Revenue Tax, the Department was anxious

that the double pipeline scheme should not cost more than a joint venture.

Last night the Department said no decision had been reached. However, although delicate negotiations were continuing late last week, it is expected in the industry that a decision will be announced soon.

One important aspect still to be decided is the size of the pipeline, which could give BP an important strategic advantage. The original joint plan envisaged a 36-inch diameter pipeline serving both fields.

After the two sides decided to go it alone, the BP pipe was expected to be 22 inches. However, it now seems the company is thinking of building a significantly bigger 30-inch pipe. Since the Miller project is scheduled to produce in gas in three years' time - some two to four years ahead of Brae - BP may hope for the strategic advantage of having a large pipeline already in existence by the time that Marathon gets round to construction.

Economic growth slackens in first quarter

By Ralph Atkins

THE BRITISH economy continued to grow strongly in the first three months of this year, although at a slightly slower rate than the exceptionally fast spurt seen in the second half of 1987, according to official figures yesterday.

For January-March, the output-based measure of gross domestic product was 4.6 per cent higher than in the same three months a year before and 0.25 per cent up on October-December 1987. The annual rate of increase then had been 5.2 per cent.

There had been a 1 per cent rise between the third and fourth quarters of last year.

The output measure is one of three different ways of calculating economic activity used by the Central Statistical Office. It is usually thought to be the most reliable indicator of short-term movements.

The average measure shows the British economy grew by 4.3 per cent last year. In the Budget the Government forecast 3 per cent growth this year.

A slowdown in the pace of growth had been widely expected and yesterday's figures will ease only slightly the fears of some analysts that the economy is growing at an unsustainable rate.

John Lloyd gathers reaction to the Prime Minister's speech on Christian values Thatcher's religious insight strikes a chord

THE SPEECH by Mrs Margaret Thatcher, Prime Minister, to the General Assembly of the Church of Scotland over the weekend - in which she invoked scripture to underpin the virtues of individual responsibility, personal charity and "spiritual redemption" - has struck powerful resonance in the breast of at least one of its communicants.

Sir Hector Laing, chairman of United Biscuits, was moved to quote Sophocles ("or someone like that - of course I knew him well") to the effect that "when the freedom the citizens of Athens wanted most was the freedom from responsibility, then Athens ceases to be free."

This, Sir Hector said, spoke to the fact that the Government had created freedom and it was now up to all to use it with responsibility.

Mrs Thatcher's speech, advertised as a keynote statement of principles, is also seen by both right and left as a gauntlet thrown down to those in her own party who favour a Conservatism more oriented to social justice.

Mrs Thatcher spoke of her belief in the relevance of Christianity to public policy - "to the things that are Caesar's."

She went on to tell church leaders that any sort of social and economic arrangements that were not founded on the acceptance of individual responsibility would do nothing but harm,



Margaret Thatcher: "we cannot blame society"

adding: "We are all responsible for our own actions; we cannot blame society if we disobey the law; we simply cannot delegate the exercise of mercy and generosity to others."

Politicians and other secular powers should strive to bring out good in people and fight down the bad, but they could not create the one or abolish the other. They could only see that the laws encouraged the best instincts.

Sir Hector, a strong Government supporter, said: "I spent some time at the weekend being interviewed by the BBC's Pan-

orama who suggested to me - in the nicest possible way of course - that I had substantially benefited from the budget and did I not feel bad about that? And I said, not at all. Wealth is a responsibility and a privilege and one has to use it in that way."

He agreed wholly with Mrs Thatcher's view that church and state moved in separate spheres. "Look, the government is there to protect the trade routes, uphold the currency and preserve law and order. It is then up to the individual to try to keep up society as he would like it to be."

It resonated, too, in the breast of Professor Kenneth Minogue, Professor of Political Science at the London School of Economics.

"It's up to the church to fall the sinners on greed and morality. Governments get ahead and govern."

However, Professor Minogue, who achieved prominence as the television presenter of the "New Enlightenment" series on the advance of the liberal right, was worried about the "nasty underside" which has Mrs Thatcher, and Mr Douglas Hurd, the Home Secretary, becoming the electorate on their duties - "I think they should just shut up there: I think that's the main weakness of the Thatcher government."

Professor Alan Budd, director of the London Business School, says he cannot see much sign of business responding to calls for



Sir Hector Laing: "wealth is a responsibility"

social responsibilities: "You could argue that they should: that their new profitability has been made possible by the redundancies they made. But I think they are still at the first stage - making the profits: they're not yet at the stage of distributing them."

Those whose thinking leads them to the left of the spectrum naturally view the speech without much charity.

Professor Raymond Plant, who heads the politics department at Southampton and who has been the prime mover of the Socialist

Philosophers' Group, says that Mrs Thatcher is seeking to prove that the "trickle down" effect plus personal charity can take the place of much state provision.

"As for criticising the churches for intruding - the government has itself moralised the social sphere, by talking of dependency and trying to create a new model individual - she cannot blame the churches for posing their moral view."

"She assumes a rigid distinction between personal morality and the outcomes of economic decisions: even if the market were amoral, as she and others have claimed, it's perfectly open to governments to intervene in its outcomes."

A.H. Halsey, Professor of Social and Administrative Studies at Oxford, thought the speech "humbly". He was prepared to allow "that it's not total cynicism on her part: she believes some of it; but she wants to tell people she belongs to a good tradition, and she doesn't."

"My view about biblical argument is that it's always selective: but I note that the churches, including the Catholic Church, are now all stressing the communitarian tradition in scriptures, and she's dead against that."

"I think it's changing now... There's a very deep distrust of money, and love of money - money as a way of life. That will count against her, increasingly."

Training of nurses to be reformed

By JOHN GAPPER, LABOUR STAFF

THE GOVERNMENT has agreed to a fundamental reform of nurse training within the National Health Service, in exchange for relaxing restrictions on entry to the profession.

Mr John Moore, Social Services Secretary, said the Government had accepted in principle proposals made by the United Kingdom Central Council (UKCC) for Nursing, Midwifery and Health Visiting for a unified grade of qualified nurse, each of whom would receive three years' training.

But Mr Moore told the Royal College of Nursing's (RCN) annual congress that recruitment of enrolled nurses - the junior of the two existing nurse grades - would not be ended until there was agreement on lowering academic entry requirements and introducing a new support grade of nursing assistant.

The Government is concerned that the training reform package, known as Project 2000, would add to NHS staffing shortages by taking student nurses off wards.

The announcement was welcomed by the RCN, the biggest nursing union, but criticised by the two other health service unions, Nupe and Cobse.

Mr Moore indicated that student nurses, who will be paid bursaries rather than salaries when the reform is introduced, will be then be liable to pay only 20 per cent of the proposed community charge, or poll tax, along with other students.

He told the congress that student nurses will no longer be regarded as "pairs of hands." The reform is expected by the UKCC to reduce the contribution made by students to hospital manpower from about 80 per cent to 20 per cent.

Nurse training will in future



John Moore: Concern over staffing shortages

consist of a common 18 month foundation programme, followed by a further 18 months spent in one of four specialist branch programmes.

The Government is likely to insist on a clear mechanism for some nursing assistants to be able to take further training to become qualified nurses.

Mr Moore hoped the first Project 2000-based training courses would start next year.

There are 487,000 nurses in Britain, of whom 294,000 are qualified and about 111,000 are still training. The UKCC estimates that because of the fall in the number of school leavers there could be a shortfall of 16,000 entrants to nurse training by 1995 unless action is taken.

Mr Bob Jones, Nupe national secretary for health, said the announcement confirmed the union's fear that the Government wanted to move towards a cheaper form of nursing through the increased use of nursing assistants.

Airline abandons fight

By LYNTON MCLAIN

BRITISH AIRWAYS has abandoned its fight to win back the European routes flown by British Caledonian Airways before its takeover by BA.

It said it was not prepared to devote more money to what is becoming a pointless exercise. The decision comes days after the Civil Aviation Authority ruled against BA's attempt to

regain the right to former BCal routes between Gatwick Airport, London, and Paris and Brussels.

BA said it would withdraw from the remainder of the route licence hearings for BCal Gatwick routes.

The CAA had said its decision was "to encourage competition between services from Heathrow and those from Gatwick."

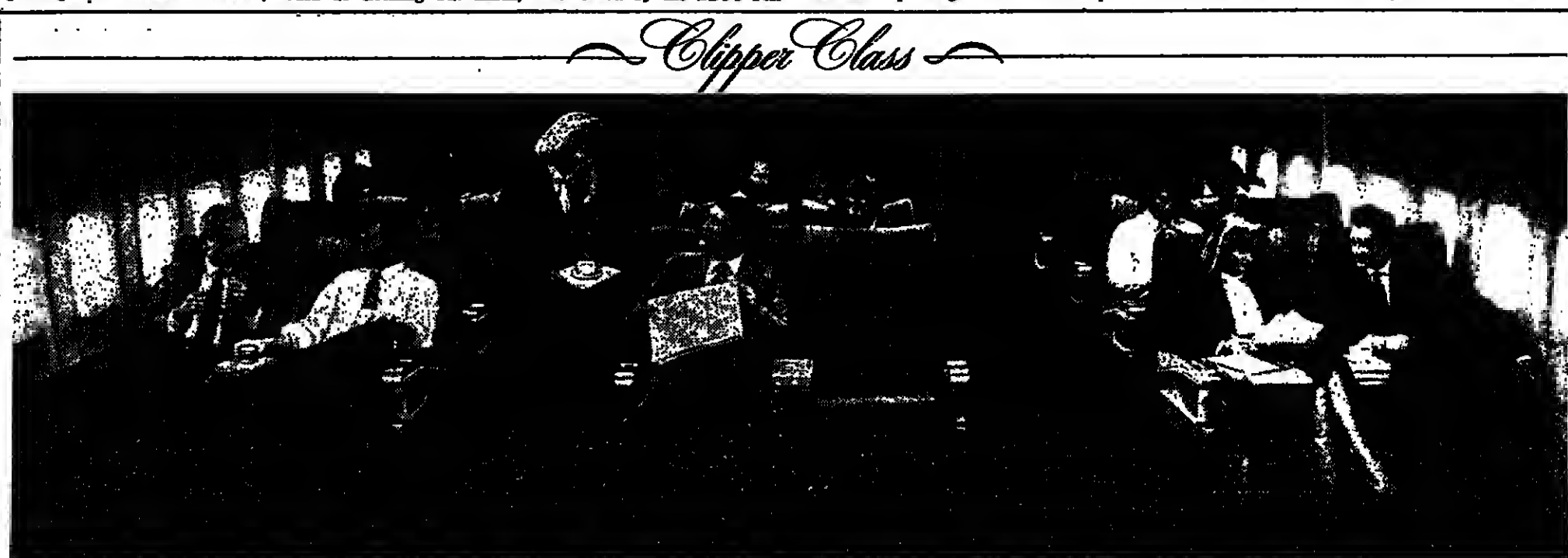
Hollis leaves engineering

By Clay Harris

HOLLIS, the diversified industrial and services company, is to sell the engineering and merchanting businesses assembled in a series of acquisitions since Mr Robert Maxwell's Pergamon Holdings took control of the troubled furniture maker in 1982.

The disposal, to a management buy-out, is worth nearly \$20m. This exceeds Hollis's market value of £103.4m, even after yesterday's 1 1/2p rise to 125p in its share price.

Mr Maxwell said he had abandoned his ambition to develop Hollis into a substantial science-based engineering group.



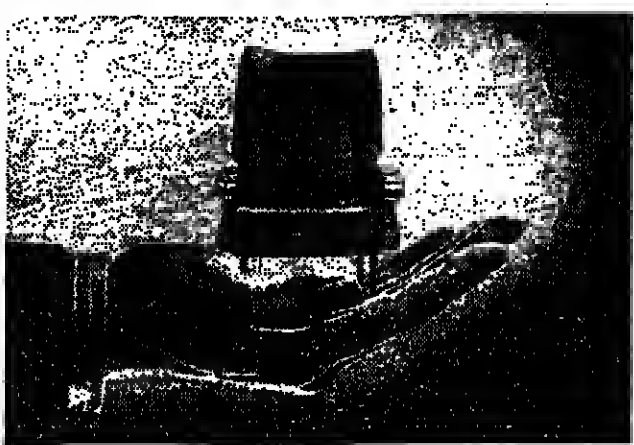
Pan Am makes business more of a pleasure. That's why we're number one across the Atlantic.

The minute you arrive at Heathrow, business travel is easier with Pan Am. As a Clipper Class passenger, you have 7 days free car parking and valet service. (Pan Am was the first and is still the only airline to offer this free service.) You speed through departure with our round trip, advance boarding pass and seat assignment.

On board, stretch out on your wide, six-across, Clipper Class seat. Arriving is made easy too: with two days free Alamo car hire at all our major US destinations (excluding New York).

In New York, Pan Am's Worldport® is the only terminal with all domestic and international connections under one roof.

Manhattan? Take a free chauffeur driven limousine. Coming back, we even provide you with your own Private Terminal at JFK. At Pan Am, we've put the pleasure back into flying on business. That's why we're Number One!



YOUR FAVOURITE SEAT, IN ADVANCE.



FREE VALET PARKING AT HEATHROW.

Number One Across The Atlantic. PAN AM

Advertisement for Business & Market Research PLC, located at Buxton Road, High Lane, Stockport, Cheshire SK6 8DX. Telephone (0665) 65115.

UK NEWS

Kevin Done looks at a new £55m development centre for Britain's luxury car maker

Jaguar leaps forward to reverse decline

Earlier forecasts of a modest recovery in 1988 have been replaced by brokers seeking to forecast the extent of further reductions in profits. Jaguar is having to run very hard just to stand still

THE DISTANCE from Browns Lane to Whitley in Coventry is only about six miles, but for Jaguar's engineers the two sites could be light years apart. For a long time the engineering staff have been the Cinderella of the company's financially pinched operations, labouring in the cramped conditions of Jaguar's main Browns Lane assembly plant to design and develop some of the world's most coveted luxury cars.

During the past year, however, they have begun to forsake the makeshift lean-to sheds and tin roofs of Browns Lane for the modern world of computerised automotive engineering at the company's £55m purpose-built high-tech engineering centre at Whitley.

The centre's official opening yesterday by Lord Young, Trade and Industry Secretary, was a milestone in Jaguar's ambitious spending programme to overcome the years of neglect and underinvestment during its traumatic time as part of British Leyland.

Ironically, the opening comes when the City of London is more than ever preoccupied with the company's short-term financial prospects, as the benefits in terms of higher profits to be gained from the heavy capital expenditure programme - and facilities such as Whitley - appear to recede into an uncertain future.

In recent days circulars from two stockbrokers, James Capel and Warburg Securities, have again sent Jaguar's share price tumbling. City concern is focused on the daunting pressures facing Jaguar from the continued weakness of the US dollar and the company's inability to raise prices in the crucial North American market, where the European luxury car makers are locked in a fierce discounting battle that would make even a volume car producer blanch.

The opening of Whitley and the

fall in the share price highlight Jaguar's dilemma and it is only small comfort that its West German competitors, Mercedes-Benz, BMW and Porsche, are facing similar problems in the US. Mercedes-Benz has even had to stoop to offering US buyers a free trip to Europe to pick up their new car.

Sir John Egan, Jaguar chairman and chief executive, admitted last week that "it is going to be tough over the next couple of years." He revealed that Jaguar's capital spending programme this year would be cut to £120m compared with his March forecast of £140m, a clear sign that the company is having to draw in its horns.

Jaguar is in a quandary over how to proceed with its programme for hedging its US revenue, which has served to cushion it so far against the worst of the dollar's fall. It is covered for the whole of 1988 at an average exchange rate of £1.00/\$1.55, but Jaguar is now dragging its feet on future hedging with 50-60 per cent of 1989 hedged at \$1.70, according to Sir John.

The company's policy has been to cover forward on a rolling 12 month programme about 75 per cent of dollar revenues, but Jaguar is fearful of locking itself in for the future at current exchange rates. Sir John admitted that the company had not done any hedging for the past four or five months, but that decisions would have to be taken in the autumn. "There will be a moment when the dollar will turn," he insists as much in hope as conviction. The only question is when.

Jaguar is having to run very hard just to stand still, or more correctly not to slip backwards. Pre-tax profits fell by almost 20 per cent last year to \$97m from £120m in 1986, and earlier forecasts of a modest recovery in 1988 have been replaced by brokers seeking to forecast the extent of further decline.

Warburg and James Capel converge for the current year at \$75.5m-£97m, but next year Mr Bob Golding, Warburg's motor industry analyst, sees a further plunge to \$61.4m, while Mr Bob Barber of James Capel stresses that his 1989 forecast of pre-tax profits of \$85m is "achievable but a likely maximum."

"A 20 cents difference means an extra \$70m of profits," says Mr Barber. "They need to generate \$70m more in profits just to stand still. If you start out with the assumption that Jaguar is a £100m a year company, you are deceiving yourself."

In the past, City fears have been stilled by Jaguar's success in increasing sales and production - production is forecast to jump again from 48,000 in 1987 to 56,000 in 1988 and 60,000 in 1989 - and in raising productivity.

However, the third pillar of its impressive recovery, namely an aggressive pricing policy in the US with increases of about 16 per cent in both 1986 and 1987, is being undermined by the weakness of the US luxury car sector. Jaguar's last price increase in the US was in October, and, although Sir John insists that "we have not discounted a car in the US yet," the present sales-incentives war hardly bodes well for making a price rise stick later

this year.

Jaguar is succeeding in reducing its overwhelming dependence on the US by opening new markets and increasing sales in the UK, continental Europe and the Far East, in particular Japan, but the US still accounted for 49 per cent or 22,919 of total retail sales of 46,643 units last year, down from 59.7 per cent in 1986. The share is likely to fall further to 44-45 per cent, but the fact remains, as Warburg points out, that "Jaguar sales in North America are vital by virtue of the simple fact that it has the largest number of people in the world who can afford the cars."

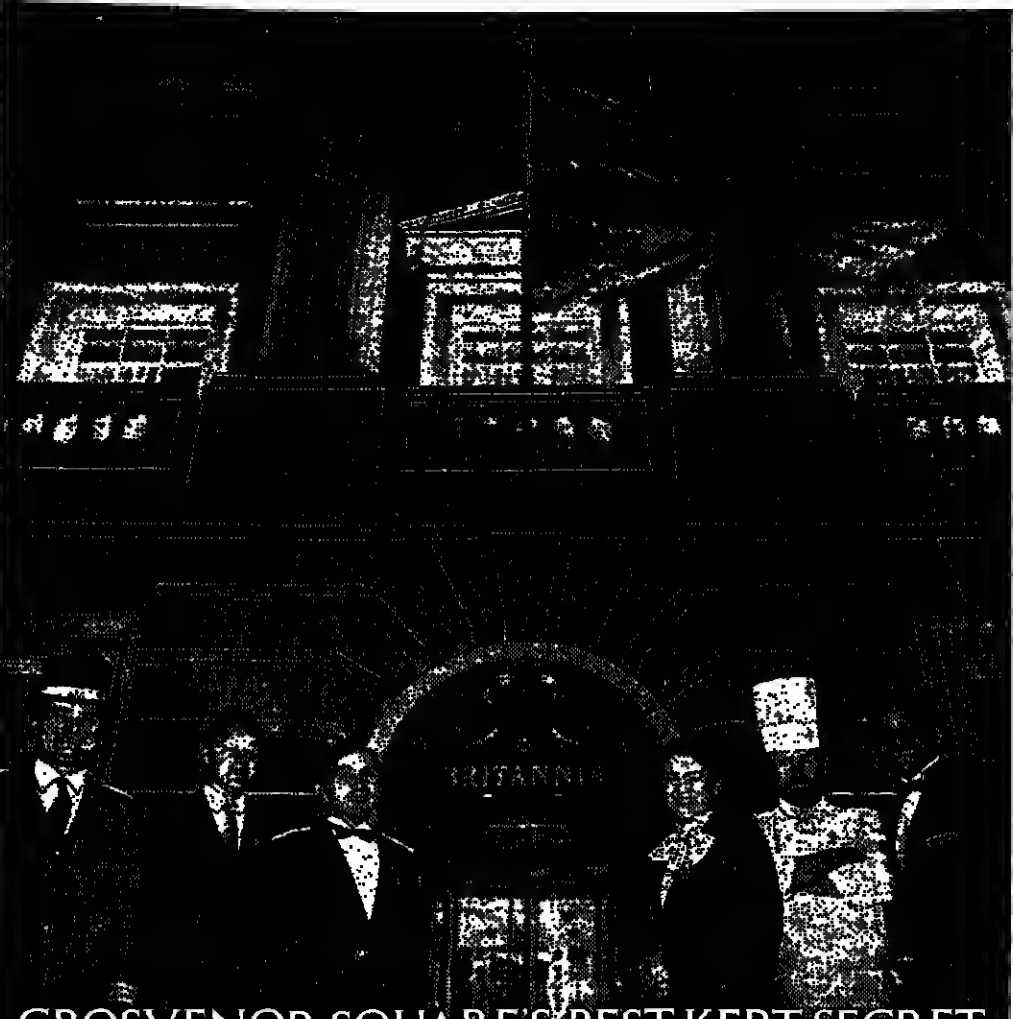
The Whitley engineering centre belatedly brings Jaguar to the forefront of the technology needed to develop and engineer tomorrow's cars. For the first time, it is designing and developing a new car, its planned range of sports cars (code-named the XJ41 or F-Type) due for launch in 1992-93, solely using computer-aided design techniques.

Mr Mike Rennold, chief engineer for new vehicle concepts, says that Jaguar is looking for time savings of one to two years in the development of models, reducing the cycle to five to six years.

Jaguar's move in recent years in computer-aided design means pressure on its components suppliers, which are also being forced to adopt such methods. According to Mr Trevor Crisp, chief engineer of powertrain engineering, the new facility should improve dramatically the quality of design.

For the longer term such claims should gladden the City, fretful about Jaguar's ability to maintain quality standards and simultaneously raise production rapidly. And in the short-term at least the engineers are happy.

"We are overwhelmed," says Mr Ralph Smith, chief engineer of advanced engineering who joined Jaguar three years ago from British Aerospace. "It is unusual that engineers are put into such palatial surroundings."



GROSVENOR SQUARE'S BEST KEPT SECRET IS BEHIND THESE SMILES

To our regular guests it's no secret. The smiles that say you're more of a house guest than a hotel guest. The Hotel Britannia Inter-Continental has all you would expect of a luxury hotel with all the comforts of home. Discover for yourself Grosvenor Square's secret. You'll be back - smiling.

HOTEL BRITANNIA INTER-CONTINENTAL LONDON

INTER-CONTINENTAL AGAIN AND AGAIN

Grosvenor Square, London W1A 3AN Tel: 01-829 9400 Telex: 28941 Telephone 0130 3855 in West Germany, including Berlin, for the cost of a local call and 800 827 0200 in the USA.

Essential Equipment #1

For the Fixed Income Salesman who couldn't get his message across in time

He should have used his Elgindata - no need to be Marooned when the yields are changing like Lightning

Please enlighten me by sending further information on Elgindata products

Elgindata
Eginton Ltd
Egton House
35-37 Grosvenor Road
Twickenham
Middlesex TW1 4AD UK
Tel: 01-891 3100 Telex: 929489 ELGIN G

BRUSSELS · LONDON · NEW YORK · ZURICH

TREASURY BILLS · EURO BONDS · AVERAGE LIFE YIELDS · DURATION

Travelling on Business in the Netherlands?

Enjoy reading your complimentary copy of the Financial Times when you're staying . . .

. . . in Amsterdam at the American Hotel, Hotel Apollo, Garden Hotel, Hilton Hotel, Sonesta Hotel, Victoria Hotel, Doelen Crest Hotel, Schiphol Hilton Hotel, Ascot Hotel, Grand Hotel Krasnapolsky

. . . in Rotterdam at the Hilton Hotel

FINANCIAL TIMES
Europe's Business Newspaper

Travelling on Business?

Enjoy reading your complimentary copy of the Financial Times when you're staying . . .

. . . in Athens at the Hotel Athenaeum, Amir Palace Hotel, Hotel Grande Bretagne, Hilton Hotel, NJV Meridien

FINANCIAL TIMES
Europe's Business Newspaper

THE POWER TO COMMUNICATE
-using Amstrad and Telecom Gold.

When you buy Amstrad's new MC 2400 modem card at just £199+VAT* you break through yet another price barrier - and open up a world of business communications with Telecom Gold electronic mail.

Using Amstrad's MC 2400 gives you instant access to Telecom Gold - the system which combines all the speed of a telephone call with the accuracy of the written word.

You can use electronic mail on your Amstrad MC 2400 to control a sales force, link up branch offices, to keep in touch with key executives, and much more. There is rapid access to Telex and a world of business information on-line through financial, commercial and marketing databases.

Choosing Amstrad's MC 2400 makes best sense to get onto Telecom Gold - and not just because of its price. It's a quad standard (V21, V22, V22bis, V23) auto dial, auto answer card modem that is ideal for access to electronic services and gives accurate high speed transfer of data.

You'll find that business works better, together with Amstrad and Telecom Gold.

*RECOMMENDED RETAIL PRICE, INCLUDING VAT, £228.85. PRICE CORRECT AT 1/3/88 BUT MAY CHANGE WITHOUT NOTICE.

The name and logo AMSTRAD are Registered Trade marks of Amstrad Plc. © 1988 Amstrad Plc and Telecom Gold. All rights reserved. All software is sold subject to standard license forms. Products subject to availability. Mirror is a Trademark of Software Distributing Corporation. Hayes is a Trade mark of Hayes Microcomputer Products Inc. IBM is the trademark of International Business Machines Corporation.

MC 2400 SPECIFICATION

COMPLETE WITH MIRROR II SOFTWARE

Apart from the Amstrad MC 2400 card modem, all you need to get on-line to Telecom Gold is your existing PC and a telephone line. A Telecom Gold application form is included with each modem.

AMSTRAD'S MC 2400 OFFERS THE FOLLOWING:

- QUAD STANDARD (V21, V22, V22bis, V23) •
- CALL PROGRESS MONITORING • AUTO DIAL •
- AUTO ANSWER • AUTOMATIC BAUD RATE SENSING •
- HAYES COMPATIBLE • PULSE OR TONE DIALING •
- EXTENSIVE HELP FACILITIES • B.A.B.T. APPROVED •
- STANDARD R.T. PLUG CONNECTION •
- SUITABLE FOR USE WITH ANY IBM COMPATIBLE PC •

Please complete and send to: Telecom Gold Direct Response Unit, Unit 10, Oxgate Centre, Oxgate Lane, London NW2 3YP. Tel: 0800 200 700

Name _____ Position _____
Company _____
Address _____
Tel. No: _____

Tick appropriate box:
 I would like to sign on for Telecom Gold Electronic Mail, please send me an application form. FT28/5
 I would like more details about Telecom Gold Electronic Mail - what it is and what it does.
 I would like more details about Amstrad's MC 2400 card modem.

AMSTRAD TELECOM GOLD

TECHNOLOGY

Louise Kehoe explains why seeing is believing in the vaporous world of new computer products

Don't hold your breath in the fog

IT IS SOMETIMES difficult to separate fact from fantasy in high technology industries. When a company announces a new product, for example, it is not unreasonable to assume that the product exists. But things are not always what they seem.

The software industry has coined the term "vapourware" for those nebulous products which have been announced, but have yet to materialise. The personal computer industry is engulfed in a cloud of vapourware, in which potential buyers are left guessing to find their way.

Software industry leaders Lotus and Ashton-Tate have both contributed to this sense of confusion. Business personal computer users eagerly awaiting a new version of Lotus's best-selling spreadsheet program 1-2-3 recently heard that the program would not be available in June, as originally promised.

Lotus's disappointing news drove the company's stock price down by about 11 per cent on the day of the announcement, demonstrating that vapourware can quickly transform itself into a hard-edged problem.

On the heels of Lotus's announcement came the revelation that Ashton-Tate only ranks its chances of meeting a July 31 shipment date for DBase IV, an upgraded version of its widely used database management system, at "better than 50 per cent."

Surprisingly, the stock market and potential customers were unimpressed. Microsoft's OS/2, the new personal computer operating system, is a potential candidate for the vapour. Although Microsoft has met all its delivery dates so far, announcements to the program, including a graphics



EAGLE EYE

interface called Presentation Manager, are still to come.

A cloud of doubt has been cast over Presentation Manager by Apple Computer's lawsuit charging Microsoft with copyright infringement. Apple claims that Microsoft's Windows, a graphics interface upon which Presentation Manager is to be based, is too much like the Apple Macintosh display.

The litigation could drag on for months, or even years. In the meantime, personal computer users are left waiting and wondering what the impact, if any, will be on Presentation Manager, which also raises doubts about adopting OS/2.

IBM and Microsoft, which designed OS/2, have been trying to put some solid ground beneath the new operating system with a promotional tour. At a recent computer show in Atlanta, IBM announced that 300 applications had been developed to run on the system.

Industry analysts say that it will be another 18 months, however, before important OS/2 applications come to market. In the meantime, users must try to fathom the potential benefits of an operating system that is designed to take advantage of features that few personal computers yet have.

The cloud spreads

Software publishers are among the most prominent creators of vapourware, but they are by no means alone. The trend appears to be spreading into other sectors, including vapour chips, vapour disk drives

and some very foggy computer systems.

Sorting out the real goods from those that are merely fond wishes in the minds of high technology executives is complicated by the practice of early announcement, which has become accepted in the highly competitive high tech world.

Tandy Corporation, for example, reported an exciting breakthrough in compact disk technology - a disk that can be erased and re-recorded. But the company admits it will be at least 18 months before this technology sees the light of day in a real product.

Optical storage technology experts who have had a chance to unravel Tandy's "secret" technology say that there are several problems still to be overcome. Some doubt that it will ever be suitable for computer data storage.

Tandy has, however, already gained world-wide attention from its announcement, enhanced its reputation as a technology leader and put a stake in the ground in the optical disk market. The only loser is the consumer, who might have thought that erasable compact disks would be available in his local store in the not too distant future. Don't hold your breath - seeing is believing.

But there is hope on the horizon for personal computer users who crave huge amounts of data storage. Last week Maxtor Corporation, a Silicon Valley disk drive maker, unveiled a real product, an erasable optical disk drive with removable media that stores up to one gigabyte of data per disk.

Maxtor employs a combination of magnetic and optical technology to produce a disk that is "written" on by a laser and erased magnetically. An important feature of the drive is the time it takes to retrieve data, just 30 milliseconds, which is about 10 times faster than "read-only" optical drives.

One drawback is price. The Maxtor T8000 drive will sell to computer system builders for about \$2,500. Maxtor expects the drive to be used in network file servers and workstations used for computer-aided design.

A second product from Maxtor, the F70 I, may be better suited to the personal computer market. This 3 1/4-inch drive stores up to 150 megabytes of data, more than twice the capacity of the largest personal computer drives, and has a 100 millisecond average seek time, fast enough for most applications. It will be priced at less than \$1,000.

When will these drives be available? In September, the company says. In the computer business, that is about as close to reality as a new product can come.

The mist thickens

One of the most hallyhood, yet unreal, products in the computer industry is Steve Jobs's Next computer. The former chairman and co-founder of Apple Computer has been promising for more than two years to unveil a spectacular desk-top computer designed to fulfil the dreams of college students and their teachers. The computer industry rumour mill has repeatedly given false warnings

of an impending product announcement by Jobs's Next Inc.

He said recently that his product would be introduced soon. Industry analysts suggest that Next must unveil its computer in June if it is to meet the purchasing schedules of colleges and universities, which make their buying decisions over the summer.

Jobs is renowned for his ability to miss product deadlines. The Apple Macintosh, for which Jobs was responsible before his dramatic exit from the company, was originally scheduled to be introduced in mid 1982 at a price of \$1,500. It was finally unveiled in January 1984 at about twice that price.

Vapour engulfs chips

In the semiconductor industry, there is enormous pressure to foreshadow new generations of devices to potential customers, who may design them into future computers and other electronic equipment. Generally, chip makers brief their major customers on the basis of non-disclosure agreements. Inevitably, however, details leak out from time to time.

One example involves a rumoured microprocessor from Intel. The P8, as it is codenamed, is said to be a stripped down, low cost version of Intel's 386, the microprocessor used in many high performance personal computers. Using the P8, IBM and others are expected to be able to bring many of the advantages of the 386 to lower priced personal comput-

ers. Dataquest analysts predict, for example, that IBM will launch a personal computer costing less than \$1,500, probably based on the P8, within the next 12 months.

Smoke and mirrors

Are RISC (Reduced Instruction Set Computer) workstations as fast as their makers claim? Apollo Computer, for example, says its latest Personal Supercomputer is 15 to 30 times faster than a Digital Equipment mini-computer (VAX 11/780).

But such measures of speed ignore other important features. It is like buying a car on the basis of its top speed without asking how many doors and seats it has.

Apollo conducted a series of benchmark tests which demonstrated that it had understated the performance of the Personal Supercomputer in its original announcement.

However, comparing performance remains problematic. "Standard benchmarks can be used to classify computers, but the only true measure of performance is to run your own software on the machines," says Russ Barbour, vice president of advanced technology.

That is difficult because many computers are incompatible. Computer makers say they are moving towards "open" software standards so that most types of computer will be able to run the same software.

Like many things in the computer industry, however, it is far from clear when and if such standards will emerge.

LET'S HOPE BY THE TIME WE'VE GOT THE BUGS OUT OF OUR MIRACLE SOFTWARE PACKAGE SOMEONE WILL HAVE INVENTED A COMPUTER IT WILL RUN ON



A step nearer a vaccine for hepatitis

BY JOHN WICKS IN ZURICH

A BREAKTHROUGH in the prevention of hepatitis is being claimed by Biocine, a company jointly owned by the Swiss Ciba-Geigy group and the biotechnology concern, Chiron, of Emeryville, California.

Scientists working on the project say they have isolated proteins of the so-called non-A, non-B virus of hepatitis with the aid of genetic engineering. Infection with this blood-borne virus occurs primarily during transfusions.

Some 5 per cent of patients receiving blood in the US are said to come into contact with it. Half of them develop chronic hepatitis and a further fifth, cirrhosis of the liver.

Biocine's discovery opens the way to a screening test and a vaccine for acute and chronic

forms of related liver inflammation.

The company has started the scale-up process for biotechnological manufacture of the proteins, permitting the development of immuno-diagnostic agents to screen donor blood and blood products, as well as vaccines to prevent infection. Since this will be a synthetic vaccine, there will be no risk of infection during its manufacture or administration.

The next step will be to try to isolate the whole virus to establish its causative role in hepatitis non-A, non-B.

An estimated 90 to 95 per cent of all cases of hepatitis arising after blood transfusions are attributed to the non-A, non-B virus, adding up to 150,000 cases annually in the US alone.

WORTH WATCHING

Edited by Geoffrey Charlis

Computers can learn from humans

A BASIC difference between a digital computer and the human brain is that the former works in steps on a task, while the latter can complete it in one move.

Facial recognition is a good example. We immediately recognise a friend's face and put a name to it, whereas a computer fed by a camera might take thousands of times longer.

A team at AT&T Bell Laboratories in the US has been trying to emulate the human body's electrical message transmitter, the synapse. In humans, large numbers of these can operate simultaneously to produce rapid responses.

The Bell Labs experiment uses 14,000 light sensitive elements, or "synapses", made from silicon deposited as a thin film on a glass plate. Each is a light-controlled valve for electricity. By altering the amount of incident light passing through each synapse can be changed by a factor of 1,000.

The unique feature of the system, claims Bell Labs, is the simultaneous and completely variable control of a large number of synapses by a light pattern projected on to the glass plate. Ultimately, such control might allow some problems to be solved much more quickly than with a digital computer.

Sailing a truer course, automatically

YACHTSMEN can steer a truer course with autopilots using a system called Helmstar, from Brookes & Gatehouse (B&G), the UK marine electronics specialists.

Autopilots are based on compasses which produce an error signal if the boat is not steering the correct magnetic heading. Although this can be used to bring the craft back on to that heading, it returns it not to the original course but to a parallel one.

Helmstar makes use of speed and time data, so that the system knows where the boat has been and how to return to the original course. On long voyages, course inaccuracies of many miles can be prevented, says B&G.

In addition, Helmstar has computer software that senses the way the boat is being influenced by side winds and cur-

rents. It can then make quicker corrections, minimising course deviations. All the yachtsman has to do is select the course and switch on, making no subsequent manual corrections. The system costs from £2,350.

Made and filled at one go

MAKING its debut in Europe from the US is a pharmaceutical packaging system for factories, which is designed to cut the cost of filling sterile containers.

The system enables container production and filling to take place on a single machine. Fed with plastic granules, the machine blow-moulds sterile containers which are then immediately filled with the product and sealed, ensuring completely sterile contents.

Made by Automatic Liquid Packaging of Woodstock, Illinois, the system is available in Europe from Tanshite Equipment of Elstead, Surrey. It saves on cleaning and sterilising performed plastic containers, and removes the cost of transporting and storing them.

PC sales soar upwards

PERSONAL computer (PC) sales in the UK have almost doubled in the first quarter of this year compared with the same period last year.

The total for 1988 will be about 540,000 machines, worth £1.3bn, according to Wharton Information Systems, which carries out market research into office systems in the UK. Sales of software will account for a further £450m. The figures are contained in Liquid Packaging US, 015 323 8200. Tanshite UK, 0252 705993. Wharton Information Systems, London, 01 6197.

Some of the upsurge of PC sales is attributed to buyers holding back for the release of IBM's new PS/2 machine. But the survey also concludes that the PC is rapidly becoming a standard office tool. Increasingly sophisticated machines are being bought, often working together in networks. Wharton believes that the UK market will exceed £3bn by 1990.

CONTACTS: AT&T Bell Labs: US, (201) 554 4200. Brookes and Gatehouse: UK, 0690 75000. Automatic Liquid Packaging US, 015 323 8200. Tanshite UK, 0252 705993. Wharton Information Systems: London, 01 6197.



The Hong Kong Partnership.

Hutchison Whampoa have become partners with Husky Oil, Canada's largest independent privately owned, integrated oil and gas company.

In Hong Kong, our home base, no company is as directly involved in every major facet of life and business as Hutchison Whampoa. Now, all the energy we've given to Hong Kong will be extended to other major business centres of the world as well.

For more information on the strength and depth of our local and international capabilities, please contact us directly.

Hutchison Whampoa. Part of today's world.

Hutchison Whampoa Limited

UK: The Lord Derwent, L.V.O., 9 Queen Street, London, W1X 7PH. Fax: 01-491-0872
HK: W. Shumak, Hutchison House, 22/F, Hong Kong. Fax: 852-5-8100705





to

y



with
pac
ges
of
le

Are you successful enough to afford to come here on holiday? Or are you so successful you can't afford to take a holiday?



'WHENEVER Rosemary tries to interest me in a trip, I get an attack of the 'what-ifs'. What if an important customer needs me? What if we're threatened with a take over? What if Wall Street wobbles again? On the other hand, I know I need a break...'

Most people would agree that time is the one thing we could all do with more of.

What most people don't realise is that the right communications package is one of the shorter routes to saving time at work.

Unfortunately, given the complexity of business communications today, getting one's hands on the right package isn't exactly easy, is it?

Here, on the business side of British Telecom, we have literally thousands of examples of the latest in time-saving systems, equipment and services.

Everything, in fact, from simple radio pagers to fax machines to the technology that allows complex data to be sent across the country in seconds.

Our problem was how to get the items relevant to you into your hands without wasting your time with the rest.

We were serious enough to call in a leading management consultant and, together, we think we've found a solution.

It's called Workplan and this is how it works:

You phone and ask for Workplan. In a day or so, you'll receive the first stage, which is a business-orientated questionnaire designed to help you evaluate

where improved communications might help.

(Even if you decide not to return this, you'll benefit from what you'll learn about yourself as you respond to its questions.)

If you do return a completed questionnaire, we'll use your answers and a bank of computers to analyse your particular business needs.

Then we'll make up and send off your personally compiled Workplan handbook.

This is a ring-binder containing information and advice on the communications options we believe would be most likely to save you time.

If at that moment, or indeed anytime in the future, you'd like to discuss specific items with one of our people, you only have to call and say so.

'Ah,' we hear, 'but I'm too busy to get into all this.'

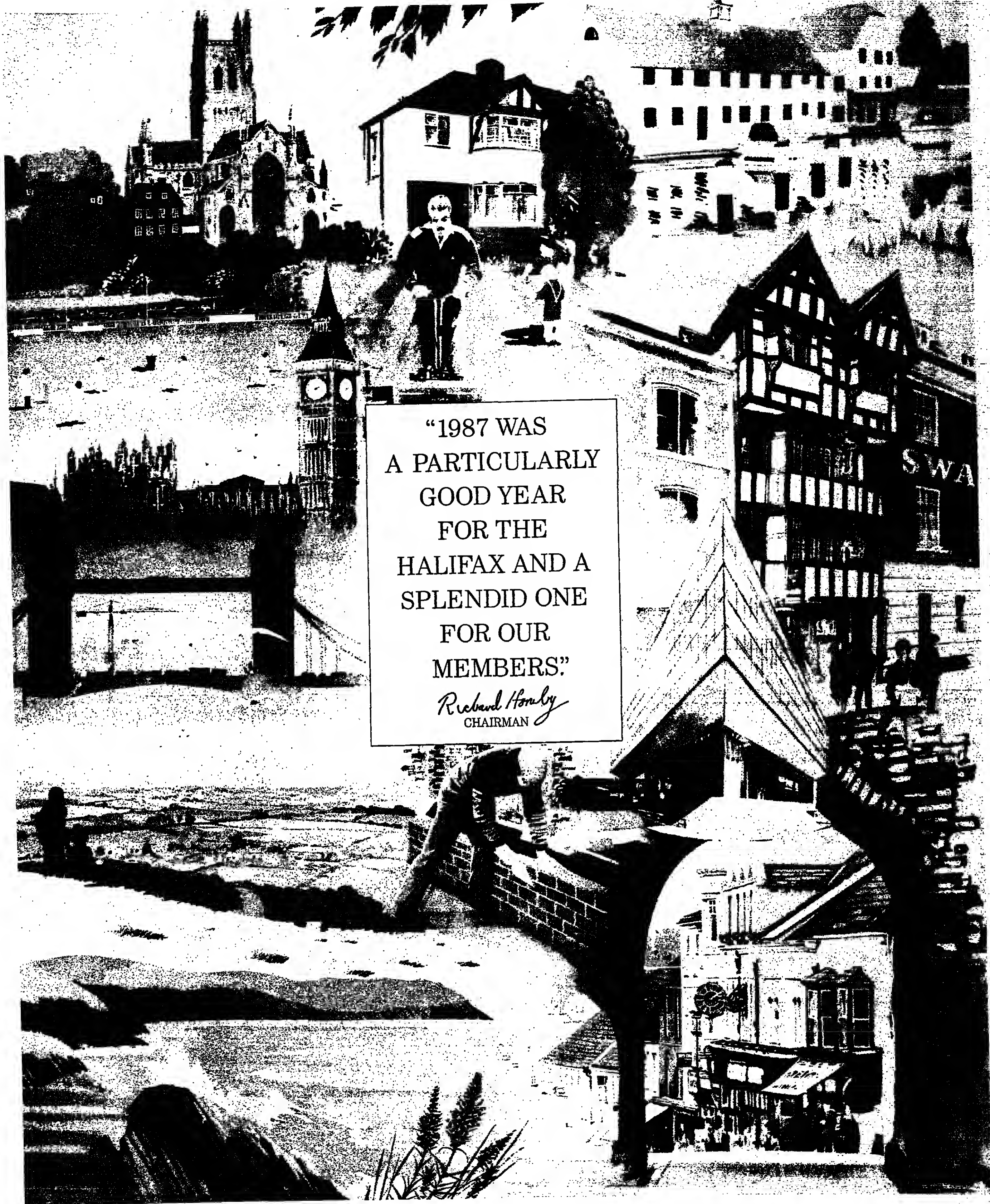
All we can do by way of persuasion is reiterate the words in the introduction to Workplan: 'If you haven't got time to fill this in, you need to fill this in.'

In business, time is money. In your personal life, it can be priceless.

Call us free on 0800 800 844 and ask for your copy of Workplan. Our lines are open 24 hours a day, seven days a week.

CALL US FREE ON 0800 800 844.

British
TELECOM
It's you we answer to.



"1987 WAS
A PARTICULARLY
GOOD YEAR
FOR THE
HALIFAX AND A
SPLENDID ONE
FOR OUR
MEMBERS."
Richard Hornby
CHAIRMAN

It was a year which proved to be one of the most challenging and competitive in our history.

And one which the Halifax responded to in the most positive way.

The figures alone are impressive. Our balance sheet rose 15% to £33 billions, and we achieved a record gross profit of £350 millions.

Mortgage lending set a new record at £7,300 millions.

Receipts from investors rose to £3,180 millions, and our reserves now stand at a net £1,245 million.

It was also a year when the Building Societies Act began to bear fruit.

This has made it possible to develop a whole new range of services to meet our customers' needs.

We've established a national network of Estate Agents, and now have 10 estate agency companies with a total of

448 offices. But whatever way the Halifax chooses to serve its public, one thing remains of paramount importance.

And that is to retain the goodwill and trust of all of our 13 million customers.



THE WORLD'S NO 1

FT LAW REPORTS

Family business split is to go ahead

BRADY v BRADY
House of Lords
Lord Keith of Kinkaid,
Lord Havers, Lord Templeman,
Lord Griffiths and
Lord Oliver of Aylmerton;
May 19 1988

THE COURT may order specific performance of an agreement to give off part of the business of a solvent private company, though the scheme involves its giving financial assistance in connection with the acquisition of its shares. If its assets are not thereby reduced and if its ability to pay its debts is confirmed by its directors and auditors in the statutorily required form.

The House of Lords so held when allowing an appeal on specified terms from a majority Court of Appeal decision (1987) 2 FTLR 419 setting aside an order for specific performance of an agreement between the appellants, Jack and Robert Brady, and the respondents, Bob and John Brady, for division of their family company.

LORD HAVERS said that since 1989 a family haulage business in Barrow-in-Furness had been carried on by a private limited company, T. Brady & Sons Ltd. It expanded to include the manufacture and sale of soft drinks and the distribution of alcoholic drinks.

Brady operated by itself and through a number of subsidiaries. They included Thomsons Soft Drinks, through which the drinks side of the business was conducted, and Athersmith Bros which owned a haulage depot.

All Thomsons' shares were owned by Brady. Brady's shares were owned 2,334 by Bob Brady and 2,283 by his brother Jack. The balance of 338 shares were owned by another private company, Tanda, whose shares were held 50 per cent each by Bob's sons, Robert and John.

Jack and Bob were the only two directors of Brady and of Athersmith. By 1982 Bob and Jack were no longer on speaking terms. Robert sided with his uncle, Jack, and John sided with his father. The result was deadlock in management.

In 1983 it was agreed that the business should be divided between the two brothers, Jack taking the haulage side, and Bob the drinks side, together with an equality payment reflecting differences in value. It was decided to keep Brady in existence but under Jack's control, and to give off the assets of the drinks business and further assets, by way of equalising values, into a new company to be controlled by Bob.

The scheme involved incorporation of companies called Ovalshield, Motoreal and Activista. At the head of the group was Ovalshield whose shares were owned by Bob, Jack and Tania in proportion to their previous Brady holdings. Beneath Ovalshield were two sub-groups, one headed by Motoreal containing the haulage business represented by Brady, and the other headed by Activista containing the soft drinks business represented by Thomsons.

The equalisation value required to produce equality between the two groups was represented by 284,857 loan stock constituting a debt owed by Motoreal to Activista.

The separation of the two businesses was effectively accomplished. There remained one outstanding link, namely the Motoreal loan stock.

What was envisaged and agreed was that Motoreal's indebtedness to Activista in respect of the loan stock would be discharged by the transfer of assets equal to the stock's value from the Motoreal group (effectively Brady and its subsidiaries) to the Activista group. The stock would then be redeemed.

On December 2 1983 Jack and Robert's solicitors wrote to Bob and John's solicitors setting out the reorganisation agreement. The letter stated that the net asset value of the group had been provisionally agreed at £1,280,226. On the basis of that figure the amount due from the haulage group to the soft drinks group was said to be £241,588.

The letter was endorsed "we agree the above on behalf of our clients" and was signed by Bob and John's solicitors.

In October 1984 Bob and John declined to proceed further with the scheme save on the basis of upward adjustments in their favour of the net asset figure.

On January 11 1985 Jack and Robert started the present proceedings for specific performance of the agreement. Various defences were raised by Bob and John. They were abandoned during the trial save for a plea that the December agreement was void as being illegal. The trial proceeded on the issue of illegality alone.

Judge Blackett-Ord, Vice-Chancellor of Lancaster, made an order for specific performance. The Court of Appeal (Lord Justice Croom-Johnson dissenting) allowed an appeal, and declared that the agreement sued upon was void for illegality. Jack and Robert appealed.

The transfers were authorised by the corporate objects of Brady and Athersmith and were there-fore *intra vires*, there being no suggestion whatever of fraud or ill-faith. Final implementation of the scheme was an essential step in the breaking of the deadlock, and was in the company's interests. There was no misfeasance by Brady and Athersmith directors.

The respondents contended that that the proposed transaction was void for illegality in that it infringed section 151(2) of the Companies Act 1985.

The subsection provided that "... where a person has acquired shares in a company and any liability has been incurred for the purpose of the acquisition, it is not lawful for the company ... to give financial assistance ..."

The proposed transfer fell within subsection (2). It was not disputed that the issue of loan stock constituted assistance to reduce Motoreal's liability incurred in the course of its acquisition of Brady shares.

Section 153(2) provided that section 151(2) did not prohibit a company from giving financial assistance if "(a) the company's principal purpose in giving the assistance ... is but an incidental part of some larger purpose of the company, and (b) the assistance is given in good faith in the interests of the company."

Sub-paragraph (b) was satisfied. Sub-paragraph (a) was not satisfied, in that the acquisition of Brady shares was not a mere incident of the scheme devised to break the deadlock, but was the essence of the scheme itself and the object which the scheme set out to achieve. If the matter rested there the appeal ought to fail.

The appellants sought to raise additional points not raised in the courts below. This was a final appeal and it would be unsatisfactory if it resulted in a declaration of illegality when there was a conclusive answer in law to that contention. It did not appear that there was any injustice to the respondents which could not be compensated by a suitable order for costs, apart from the argument that they elected to abandon their other defences and it would be unfair that they should now be faced with new points.

Their Lordships were prepared to entertain the new arguments on terms that the respondents be afforded the opportunity, if they desired, to reinstate some or all of the defences which they had abandoned before the judge.

The new contentions started from the correct proposition that where an agreement could be performed in alternative ways,

one lawful and one unlawful, it was presumed that the parties intended to carry it out in the lawful way.

Sections 155, 156 and 158 of the Act provided that where financial assistance was given by a private company in connection with the acquisition of its shares the prohibitions in section 151 could be disapplied in certain circumstances by adoption of statutory procedures prescribed in sections 156, 157 and 158.

By section 155(2) those provisions only applied if the assets of the company providing the assistance were not reduced by the provision of assistance, or if the assistance was provided out of distributable profits.

In the absence of some starting change in the financial position of Brady or Athersmith those conditions were fulfilled.

All that was required to avoid the prohibitions in section 151 was that the directors of the company giving the assistance (Brady and Athersmith) should make a statutory declaration that it would be able to pay its debts (section 155(2)). There also had to be an auditors' report stating that the opinion expressed in the declaration was not unreasonable (section 155(4)). Those documents had to be delivered to the Registrar of Companies within 15 days and the assistance given within eight weeks of the declaration being made.

Compliance with the statutory procedures rested in the hands of Jack and Robert. Assuming that the company's auditors were able to make the report, there was no impediment to reliance on sections 155, 156 and 158.

If that was right, there appeared to be a complete answer to the suggestion that the agreement was rendered unlawful by section 151.

Subject to compliance with sections 156 and 158, the agreement was not illegal, and a decree of specific performance would take effect unless within 28 days the respondents signified by serving an amended defence and counterclaim that they elected to reinstate all or any of their abandoned defences.

Their Lordships agreed. The appeal was allowed on the terms indicated.

For Bob and John Brady: Louis Price QC and Ian Leeming (Garniers)
For Jack and Robert Brady: Richard Sykes QC, Nicholas Szeasari QC and D.A.S. Richards (Alexander Tatham & Co)

Rachel Davies
Barrister

Half boring, wholly successful

MINT GUARANTEED LTD

Mint Guaranteed Shares, August 1995

The boring part of Mint Guaranteed Ltd. is the capital protection. About half your money is invested in stripped US Treasury Bonds, designed to achieve return of the initial investment after seven years. With that secure, you can afford to have some excitement.

SUCCESS

The rest of your money goes into a managed futures portfolio, managed by New York based MIMC, who have proved so outstandingly successful in recent years. This portfolio can make gains in both rising and falling markets - so it is the perfect balance to equity investments in today's uncertain world. The Funds under management by MIMC, which include Mint Guaranteed Ltd., have an average composite annual growth of 28.9% in US dollars since 1st April, 1981.

ABOUT MINT GUARANTEED LTD.

Mint Guaranteed Ltd. is sponsored by ED&F Man International Ltd. of London and it is advised on its trading policies by Mint Investment Management Company (MIMC).

MIMC have developed computerised statistical methods to analyse trends on world markets. Their disciplines preclude trading in volatile markets, and limit risk to no more than 1% of a client's investment when entering any one contract market.

The result is a blend of the high gearing and opportunity for gains offered by skilled futures trading, and severe disciplines to limit risk.

OFFER CLOSES JUNE 30TH 1988.

The window of opportunity is small. To take up this latest offer of shares you need to have sent for, received, studied, and replied to the Prospectus before June 30th at the latest. So begin the process now, by clipping the coupon.

This advertisement does not constitute an offer of shares in Mint Guaranteed Ltd. Applications for shares can only be considered on the terms of the Prospectus, available from ED & F Man International Ltd., Funds Group, Sugar Quay, Lower Thames Street, London EC3R 6DU.

PLEASE SEND ME A PROSPECTUS

NAME: _____
ADDRESS: _____
PLEASE TELEPHONE ME ON: _____ TELEX: _____ FAX: _____

MINT GUARANTEED LTD

Mint Guaranteed Shares, August 1995

ED&F Man International Ltd., Funds Group, Sugar Quay, Lower Thames Street, London EC3R 6DU
Tel: 01-626 8788. Telex: 885431. Fax: 01-623 3203. Representative office, Manama, Bahrain. Tel: Bahrain 531791

INFORMATION POWER FOR PEOPLE • INFORMATION POWER FOR DATACENTRES • INFORMATION POWER FOR SYSTEMS • INFORMATION POWER FOR MICROS • INFORMATION POWER FOR PEOPLE • INFORMATION POWER FOR DATACENTRES

Before your business can achieve its goals you must give your people the power.



INFORMATION POWER by Datasolve Partners.
Concepts and content original.
One of a series of illustrations commissioned by Datasolve.

People can be harder to change than corporations. Human skills are less amenable to transition than the systems they work with.

As a consequence, many organisations, instead of setting goals based on commercial logic and strategic vision, content themselves with more modest targets, comfortably within the current capabilities of their people.

Which is not the way to win competitive advantage.

To break out of this people/technology bind even the most successful companies need to draw on a power beyond their own resources.

Information Power

Datasolve Information Power is the extra IT management capability every ambitious organisation needs to achieve goals that are worth achieving.

The new management techniques... the specialist occupational skills... the long term manpower strategy... the comprehensive systems management.

So, however ambitious your goals become, you'll find that the power is always there.

That's why more and more of today's successful companies are making Datasolve Information Power a fundamental part of their strategy for change.

If you'd like to know more about Information Power, post the coupon to the address below or dial 100 and ask for Predefine Datasolve.

Name _____
Position _____
Organisation _____
Address _____
Postcode _____
Telephone _____ 4FT205

Datasolve

The power to manage success

Group Marketing, Datasolve Limited, Wellington House,
61-73 Staines Road West, Staines-on-Thames, Middlesex TW16 7AL.
A THORN EMI Technology company

INFORMATION POWER FOR SYSTEMS • INFORMATION POWER FOR MICROS • INFORMATION POWER FOR PEOPLE • INFORMATION POWER FOR DATACENTRES • INFORMATION POWER FOR SYSTEMS • INFORMATION POWER FOR MICROS

Business Services

NEW BUSINESS

If your Company is seeking new products, processes or technologies for profitable international exploitation then our specialist services in international technology based business development are geared to your needs. New product and technology search and marketing undertaken in a wide variety of industries and covering Europe, Japan and North America plus high quality licenses for direct sale through our representation of selected major overseas companies.

We have a successful record with clients and full details are available from:
Dr Derek A. Vernon, Director
SPA TECHNOLOGIES LTD
18 Adelphi Avenue, Leamington Spa
Warwickshire, England
Tel: 0926 322879 - Telex 312446

LIMITED COMPANIES

Ready-made and bespoke companies with all the extras you need.
FAST
PLUS The fastest and cheapest company search service in London.
Madagans
Registered House, 22-24 Tinkers Road, Croydon, Surrey CR9 3JL
01-681 5383, 01-686 3402

LIMITED COMPANIES

U.K. and International Isle of Man & Non-Resident
EXPRESS
COMPANY RESTRUCTURINGS LIMITED
Lewisham House, 25-27 Old London Road, Lewisham, London SE13 1JH
Telephone 01-589 3271, Telex 657476

M.D.'s - want more SALES?

Top Consultant will improve the effectiveness of your Sales and Marketing Operation. Excellent Track Record - First hand experience in most markets. Practical Cost-Effective approach with Guaranteed Results. Ring Bill Ward on 0276 61462/681628 Today and discuss your problems. Telex 8950511 G Fax 0276 691731

WE ORGANIZE

Conferences, Conventions, Meetings, Seminars, Exhibitions, Company Presentations, Sports Events and Company Days Out
Newspapers in London & Overseas
10 The Mall, London W1S 2PJ
Telephone 01-579 7101 Telex 456676

DIRECT MAIL LISTS & SERVICES: 1000s of ready-made lists available. Suppliers to leading UK companies. Free catalogue. Mail-order. Free post. Chichester, Sussex. Tel: 0243 780771
FINANCE FOR GROWTH BY FACTORING: INSTANT WORKING CAPITAL AND A PROFESSIONAL SERVICE. TEL: (0202) 688444. COUNTY FACTORS LTD., PATRICK HOUSE, WEST QUAY ROAD, POOLE, DORSET BH15 1JF

Management Courses

IMPERIAL COLLEGE

THE MASTER'S PROGRAMME
A LIFETIME INVESTMENT

Applications are invited for the Master's Programme in Management commencing October 1988. The two-year, one-year programme begins with the normal managerial functional emphasis of most MBA courses, but differs in its intensity of specialisation. Graduates will be able to demonstrate competence in one of the five areas: Management Science, Management of New Ventures, Project Management, Finance, and Management of Innovation. This building upon the mission of the School to operate at the interface of management and technology.

Applicants should have an honours degree, or acceptable equivalent, and possess relevant work experience. The Master's Programme is subject to formal approval by the University of London.

For more information contact: The Admissions Secretary, The Management School, Imperial College, 53 Prince's Gate, London SW7 2PG. Tel: 01-589 5111 ext. 7124.

COMPUTER TRAINING FOR EXECUTIVES

Our 3 day course gives a first-class grounding in the capabilities and limitations of word processing, spreadsheets and databases in the business environment. Interactive, individual tuition. Days may be taken together or separately. Come to the experts.

Anthony Cook Associates
Gresham House, 34 Holborn Viaduct, London EC1. Tel: 01-248 1108

Conferences

A One-day conference
EXIT ROUTES
for shareholders in private companies

TUESDAY 5th JULY 1988
THE WALDORF HOTEL, LONDON

This conference will explore the alternative ways that private shareholders can realise their holdings. Placements, Recapitalisation, Cash-out, Buy-outs. They are amongst the options. The programme will include not only experts from Arthur Young Corporate Finance, Capel Case Meyers and Midland Mountain Ventures, Ltd, but also two practical Case Studies from entrepreneurs who have taken different routes.

For further details contact: Brenda Saywood
European Study Conferences Ltd., Douglas House, Queen's Square, Corby, Northants NN17 3PL. Tel: (0536) 204294 Fax: (0536) 204285

Franchising

THE FRANCHISE MAGAZINE ON SALE NOW

The UK's Top Franchise Journal is available in paperback and hardcover. It contains an authoritative guide to the world of franchising. A must for anyone who is considering a franchise.

Seminars

HYDROCARBON POTENTIAL OF THE SOUTH ATLAS BASINS OF MOROCCO

PETROLEUM PRESENTATIONS TO INDUSTRY BY ROBERTSON RESEARCH INTERNATIONAL ON BEHALF OF O N A R E P

LONDON: GROSVENOR HOUSE HOTEL MONDAY JUNE 13 9.30 a.m.
HOUSTON: WESTIN GALLERIA HOTEL THURSDAY JUNE 16 9.30 a.m.

Programme outline:
- Tectonic Framework and Basin Evolution
- Seismic Studies
- Petroleum Geochemistry
- Petroleum Geology

All enquiries to: M. Mechiche Alami Mohamed (Directeur de Contrats et Negotiations) ON AREP
17 Avenue Michilten, Agdal, Rabat, Morocco.
Tel: 010-212-7-72171 Telex: 31715M BUREPET

Businesses For Sale

We know someone who'd give a lot for a business like yours.

As a leading merchant bank, Hill Samuel is well placed to help you sell your company.

We can give you a professional valuation of your business so you'll know what to expect.

We will confidentially seek out suitable buyers. We will also ensure that you get the best possible price.

Furthermore, Hill Samuel will assist you through the final intricate negotiations - to overcome the inevitable problems and to obtain the best possible terms for you and your business.

If you'd like us to help you sell your company, efficiently and discreetly, contact Philip Bonney on 01-628 8011.

Hill Samuel & Co. Limited
100 Wood Street, London EC2P 2AL

FOR SALE LEADING U.S. BEFF SLAUGHTER HOUSE

Northeast/USA

- One of the 25 largest in the United States.
- Profitable on sales approaching \$100 million.
- Value-added/high margin boxed, kosher, and broiler beef.
- Over 300 acres, high quality customers include major suppliers to the hotel - restaurant - institutional trade, large wholesalers, and further processing co's.
- Top markets include New York, Boston, Washington, and Philadelphia.

For information call:
Doug Watson
Re: 12071 (201) 492-1600
or write: DWG, PO Box 7647, Teaneck, NJ 07666 USA.

MICHAEL PEGG

60 BEDROOM MODERN HOTEL. Planning approved for extra 24 bedrooms and leisure development. Turnover £70,000 per month rising fast. Freehold £2.4 million.

LARGE HOTELS & HOTEL OWNING COMPANIES FOR SALE ENGLAND AND EUROPE
HOTELS WANTED

£50,000 TO £100,000 PER BEDROOM

WITH 40-150 BEDROOMS NOW ON WITH PLANNING TO EXTEND

HOTEL SITES WANTED IN U.K.
Ring Michael Pegg 0272 229795
Evenings 0272 745431.

Life and Pensions Brokerage for Sale or Assisted Management Buy-Out considered
Company established 1962; FIMBRA registered; Owner to Retire

Existing Client Business
Renewal commission, mainly from 3,000 corporate and self-employed clients, is £132,000 per annum. Estimated initial commission from existing client incremental business for the year to March 31st 1988, is £468,000. For the year to March 31st 1989, this was £173,000; for the year to March 31st 1987, £221,000; for the year to March 31st 1986, £448,582.

Current expense, excluding owner's benefits, £360,000 per annum. 80% of all business from throughout the U.K. is transacted in-house from one office by correspondence, and telephone.

Business is mainly executive and self-employed, although capital investment in the last three years, mainly investment bonds, was £11,000,000.

New Client Business
The owner has no desire to manage salesmen to develop new client potential, and so effectively closed down new client activities in 1987. However, using seminars and direct mail, in the activities to March 31st 1988, new client activity produced initial year to March 31st 1988, and to March 31st 1987 £737,000. These commission of £586,000, and to March 31st 1987 £737,000. This commission could easily be doubled and all systems for new client business can easily be resurrected. The company has its own 1,250,000 address database of business owners in the United Kingdom. A fully operational print shop and direct mailing facility is capable of despatching up to 20,000 mailings a day. The company is fully computerised, hardware and software being upgraded this year.

All serious offers will be considered, but early completion is paramount.

Write Box H3488, Financial Times, 10 Cannon Street, London EC4P 4BY

G.T.N. (Retail) PLC
G.T.N. (U.K.) Limited

The Joint Administrative Receivers offer for sale on a going concern basis the assets and goodwill of this nationwide confectioners, tobacconists, newsagents and victuallers to include:

- 4 Investment freehold properties
- 4 Freehold retail properties
- 1 Freehold head office building (fully equipped) in Wembley
- 27 Leasehold retail properties
- Stock
- Fixtures, fittings
- Goodwill
- Turnover approx £8.25m per annum.

Further information may be obtained from G.A. Anger FCCA and R. Hocking FCCA, Joint Administrative Receivers (reference: 13/8150).

Stoy Hayward
A member of the South & North Metropolitan RECEPTIONS, ACCOUNTS, SYSTEMS, MANAGED BY STOY HAYWARD
8 BAKER STREET, LONDON W1M 0DA. TELEPHONE 01-886 8888

HOWARTH AIR ENGINEERING LIMITED IN ADMINISTRATIVE RECEIVERSHIP

The business and assets of the above company are offered for sale as a going concern. The company has patented products which have a worldwide reputation for innovation and excellence in establishing standards of safety and protection against airborne transmitted infection and contamination in hospitals, laboratories and industrial environments.

Location: Freehold premises in Bolton, Greater Manchester, approximately 29,000 sq ft.

Current Workforce: 40.

Turnover: Year ended 31 March 1988 - circa \$1,800,000 - approximately 40% export.

Current order book - £380,000.

For further information please contact:
Cyril W. Nield
Joint Administrative Receiver, Cork Gully, Abacus Court, 6 Minshull Street, Manchester M1 3ED
Tel: 061 236 9200
Fax: 061 247 4000
Telex: 667257

Cork Gully

Cork Gully is authorised by the Institute of Chartered Accountants in England & Wales to carry on investment business.

PETER TEW & Co.
Chartered Surveyors

On the instructions of F A Simms FICM Administrator of

ATKINSONS (KENSINGTON) LIMITED

BUSINESS & VALUABLE LEASEHOLD PREMISES FOR SALE

AUTO ELECTRICAL & RADIO SPECIALISTS ALLIED TO MOTOR TRADE

7 PEMBRIDGE VILLAS, LONDON W11

- TURNOVER AS AT 31ST MARCH 1987 £1,447,841.00
- PROMINENT MOTOR TRADE PREMISES
- RENT PASSING £35,000 P.A.X.
- LEASE EXPIRING IN 1993 WITH NO FURTHER REVIEWS
- PRICE & FULL DETAILS ON APPLICATION

Granby House, 71A London Road, Leicester, LE2 1JG
Telephone (0533) 551527

LOOSE FOOD MANUFACTURER & RETAILER

The Joint Administrative Receivers offer for sale, as going concerns, the businesses and assets of Millman Limited and Welch and Fry Limited, companies specialising in food mixing, distribution and retailing. The businesses are based on the Fylde Coast, Lancashire.

Assets include:

- Millman 11,000 sq ft leasehold premises in Fleetwood.
- 4 retail outlets on the Fylde Coast.
- Plant, equipment and motor vehicles.
- Shop fixtures and fittings.
- Stock and work in progress.
- 23 employees.
- Turnover to 31 March 1988 - manufacturing £1m - retail £0.4m

• Extensive customer base in the North of England.
The Joint Receivers would be interested in offers for both businesses either together or separately.

For further details contact: Ken Chalk or Michael Pridemey Spicer & Oppenheim & Partners, 12 Booth Street, Manchester M60 2ED
Tel No: 061 236 9721 Fax No: 061 228 2681

SPICER & OPPENHEIM
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

SUPPLIERS OF GRAPHIC DESIGN MATERIALS

Stevenage and Watford

The business assets and goodwill of retailers of graphic design materials, drawing office materials, general office stationery and offset supplies. Established outlets in Stevenage and Watford. Turnover approx £1.1m. Assets include: comprehensive range of stock and leasehold warehouse/office units (Stevenage 7,500 square feet, Watford 6,300 square feet).

For further information contact the Joint Administrative Receivers: Michael Scott, 49 Mill Street, Bedford MK40 3LB. Tel: 0234 211521, Telex 826340 (GT BED-G), Fax: 0234 325717, or Maurice Withall, Grant Thornton House, Milton Street, Euston Square, London NW1 2EP. Tel: 01-383 5100, Telex 28984 (GT LDN-G), Fax: 01-383 4715.

Grant Thornton
CHARTERED ACCOUNTANTS

BUSINESS FOR SALE

Food Manufacturer based in Wandsworth specialising in a variety of filled pastry products.

The Company occupies re-furnished Leasehold Premises where production capacity is approximately 2,000 units per hour.

All enquiries to Maurice Moses, Joint Administrative Receiver, Spicer & Oppenheim & Partners, Levy Gee and Partners, 100 Chalk Farm Road, London NW1 8EH.

Telephone: 01-267-4477, FAX: 01-267-1028
Please quote L435/AP

Levy Gee

M G FIRE PROTECTION LTD
In Receivership

The business and assets of this established company are offered for sale by the Joint Administrative Receivers. The business specialises in the supply and fixing of fire protection boards, applications of sprays and intumescent. The company operates nationally from its North West base.

Assets briefly comprise:

- plant and equipment
- turnover approximately £900k pa
- on-going contracts
- order book

For further details contact:
Ken Chalk or Michael Whitehead, Spicer & Oppenheim & Partners, 12 Booth Street, Manchester M60 2ED. Telephone: 061 236 9721 Fax: 061 228 2681 Telex: 666710 ESANO G

SPICER & OPPENHEIM
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FOR SALE LEADING U.S. BUILDING PRODUCTS MANUFACTURER
Northeast/USA

- One of the leading manufacturers of HIGH QUALITY ALUMINUM SECURITY GRILLES AND ENCLOSURES in North America.
- Used by many prominent national retail chains, bankers, and airports throughout the U.S. and Canada.
- 1988 pre-tax profits of \$1,100,000 on sales of \$9,000,000 are anticipated.
- Substantial growth opportunities available.

For information call:
DOUG WATSON RE: 9175, (201) 693-1600
or write to:
P.O. Box 7647, Teaneck, NJ 07666

For Sale As A "Going Concern"

Well established family business of transport/vehicle contract hire. Excellently located freehold garage with modern repair/service bay and petrol forecourt/pumps/storage tanks. M.O.T. testing facilities. Modern fleet of 168 vehicles. Mainly freehold site of 1.5 acres. Location South West London.

For details apply Box H3479, Financial Times, 10 Cannon Street, London, EC4P 4BY.

PHOTOGRAPHIC STUDIOS

The business and assets of Click Studios Management Limited are available for sale as a going concern.

The principal features include:

- Long leasehold premises in Central London
- Two fully equipped studios each incorporating a cyclorama
- Turnover approximately £120,000 p.a.
- Full order book
- Office furniture, fixtures and fittings

For further information please contact: S.S. James

KPMG Peat Marwick McLintock
1 Puddle Dock, Blackfriars, London EC4V 3PD
Telephone: 01-236 8000 Telex: 8811541
(Authorised by the Institute of Chartered Accountants in England & Wales to carry on investment business.)

WORKWEAR COMPANY

FOR SALE a profitable, expanding SPECIALISED workwear and personal protective equipment manufacturer and distributor. Turnover £1.8 million in last financial year.

Directors are particularly, but not exclusively, interested in talks with larger company or group with complimentary manufacture and/or sales mix.

For more information Principals only should write, providing brief details of their own company, to:
W.D. Robb C.A., Scott House, 10a The Boulevard, Crawley, Sussex.

CHRISTIE & CO

Hove, Sussex.

Prestigious Regency Hotel - 60 letting bedrooms, 58 en suite, and 5 luxurious top floor suites. Bar, restaurant, with adjoining suite extension, further delegate room and resident lounge. Strong commercial and tourist trade. Freehold. Offers in excess of £2,500,000. Ref: 4-1267.

50 Victoria Street, London, SW1H 0NW.
Telephone: 01-799 2121

INSTITUTIONAL LAUNDRY/DRY CLEANER
New England/USA

- Market Leader
- \$830,000 per-tax. \$4,300,000 sales
- 50% compounded annual growth
- Solid management in place
- Excellent Facilities

For more information call:
Bill Coluccio Re: #12871 or write:
WKC P.O. Box 7647 Teaneck, NJ 07666 USA

Private Company For Sale

with excellent track record, very profitable, audited accounts available. Involved in material inspection and non destructive testing. Good order book. Would respect a good acquisition for company wishing to expand in West Germany.

Principals only write to Box H3485, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses For Sale

Businesses Wanted

KITCHEN & BATHROOM DESIGN AND INSTALLATION

The opportunity exists to acquire a well established kitchen and bathroom design and installation business in an excellent high street location in North Surrey.

- Forecast 1988 turnover exceeds £850,000
- Existing order book of £200,000
- 3,500 sq.ft showroom recently fitted with over 30 displays of high quality German and British ranges

PLEASE REPLY TO BOX NO. H3470 FINANCIAL TIMES
10 CANNON STREET LONDON EC4P 4BY

Respected company with established furnishing fabric range manufactured in the UK wishes to consider serious offers for sale of business to interested parties.

Offers for shares or assets will be considered and full details of business is available on request.

Apply in writing:
MENZIES

Attn: T.M. Gale, 1 The Quadrangle, Church Street, Slough, Berkshire, SL1 1PH
Tel: 0753 20175

HESTAIR plc

A fast growing company with investments in the UK and USA and on-going sales of £300 million seeks further acquisitions in the following areas:

**TOYS
STATIONERY
CARDS
GIFTS**

**NURSERY PRODUCTS
GARDEN EQUIPMENT
EMPLOYMENT AGENCIES
COMPUTER PERSONNEL**

Prospects are excellent for good companies and quality management.

Ring or write to Richard Raworth, Deputy Chairman, Hestair plc, 17 Buckingham Gate, London SW1E 6LB
Tel: 01 630 5546

NATIONAL COMPANY

Seeking to expand, would be interested in hearing from suppliers of materials and equipment to the **SCREEN PRINTING INDUSTRY** with a view to acquiring all or part of their business.

Reply in strict confidence (Principals only, please) to: Box H3474, Financial Times, 10 Cannon Street, London, EC4P 4BY.

DIVERCO SELLERS and BUYERS

Sell Companies Nationwide

Contact in confidence: DIVERCO LTD, 4 Bank Street, Worcester WR1 2ZR, Tel: 0505 22303

WEST COUNTRY TYRE RETREADING & SALES COMPANY

BUSINESS FOR SALE

- Modern Leasehold Premises
- High Turnover - Stock in Trade
- Modern Machinery

Details from **HENRY BUTCHER**
8 Colston Avenue, Bristol BS1 4ST
0272-277402

NON-FERROUS STOCKIST/DISTRIBUTOR

A large and successful International company seeks to expand its operations in the UK by outright purchase of an established non-ferrous stockist/distributor with a sound customer base. Company wishes to retain existing personnel as appropriate.

Principals only reply to Box H3487, Financial Times, 10 Cannon Street, London EC4P 4BY

TOPPS OF ENGLAND LTD.

Is seeking to acquire business(es) operating in niche sector of Stationery and related market. Interested Principals please write to: Chairman, Topps of England Ltd., 72 Victoria Road, Burgess Hill, West Sussex, RH15 9LZ

RETAIL COMPANY FOR SALE

Parent Company wishes to dispose of subsidiary Company to concentrate on main business activities. The Company operated 7 units within the UK and a joint venture in London specialising in retail confectionery. The Company has the benefit of 7 prime leasehold units, shopfitted to an extremely high standard. Full management accounts are available. Offers are invited.

Please apply to Box H3488, Financial Times, 10 Cannon Street, London EC4P 4BY

WASTE REMOVAL COMPANY

- Serving N.Y. Metropolitan Area
- Industry Leader
- Over 25% Profit Margins
- Audited Financials

For more information please call or write:
Walter Ershine (201) 892-1800
P.O. Box 7647, Teaneck, NJ 07686

ELECTRICAL WHOLESALER

Are you interested in selling your Electrical Wholesaling Business?

We are expanding our medium sized network of Depots and would like to talk to you, if you are considering selling your business. We will tailor the financial package to meet your personal needs.

Write Box H3492, Financial Times, 10 Cannon Street, London EC4P 4BY

Public Company in the HOME LEISURE AND DISTRIBUTION INDUSTRY SELLING RECORDS, CASSETTES, COMPACT DISCS, CONSTITUTES GAMES AND BOARD GAMES SEEKS ACQUISITIONS

Of an appropriate nature to around £200,000 per annum also considered: preferred area within 100 miles Greater London.

Write Box H3493, Financial Times, 10 Cannon Street, London EC4P 4BY

HIGH SPEED AUDIO CASSETTE MANUFACTURER FOR SALE

Product: Stock & Machinery. Goodwill.

Please Reply to: Waverley Ltd (in Receivership) Administrative Receiver, Mr J O H Cullington FCA Longhorns Chartered Accountants, Longhorns House, Victoria Avenue, Watlington, Oxford OX20 4ES

INDUSTRIAL FASTENERS AND FIXINGS

Profitable growth orientated importer and national distributor of Industrial Fasteners and Fixings wishes to expand its operational base by the acquisition of or association with a specialist importer or distributor of these or allied products with a view to increasing both its market opportunity and resource base.

Replies to Box H3494, Financial Times, 10 Cannon Street, London EC4P 4BY

CFI

We have a number of PLC's wishing to make acquisitions of:

- Computer/Telecommunications related businesses
- Commercial/Retail/Domestic property portfolios

We also have ready buyers for profitable companies wishing to sell in most sectors of industry.

Tel: 0252 52323 and ask for Mark Davy ACA.

GARDEN CENTRES/SITES FOR SALE

10.5 Acres Freehold RAGLAN, WALES. Residential Accommodation available in quiet, Amber Valley Garden Craft and Leisure Centre & Access to attractive family home. Freehold. Water Garden Centre & large family residence. Superb. Freehold Additional Garden Centre Freehold and Leasehold available Nationwide.

Details from: Charnock & Partners 30 London St, Reading RG1 3UB Tel: (0734) 396144 Fax: (0734) 395323

MEDICAL CLINIC

Specialising in hair loss/medical cosmetic treatments. Excellent premises in London and Manchester. Profitable patient base. Large body of referral sources. Specialist medical, pharmaceutical and administrative expertise.

Apply to J B Lever & Co, Chartered Accountants, Bow Chambers, 87B Lane, Manchester M2 4JB 061 832 3074

CAR/VAN/EQUIPMENT HIRE

Management Team wishes to purchase a Rental/Contract Hire Company based in the North of England. Substantial funds available for immediate purchase.

Please reply in strict confidence to Box H3443, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Plant & Machinery

SALE OF FORKLIFTS

8th June 1988
Viewing on 7th June 1988 and morning of sale - 140 machines for sale - all types. Apply for catalogues to: New Mechanical Handling Ltd, New House, St James Mill Road Northampton NN5 5JW Tel: (0604) 52461 Fax: (0604) 51100

MENS FRAGRANCE COMPANY

An outstanding and distinctive range of men's toiletries with enormous designer appeal and commercial possibilities.

We are looking for a "Next" or "The Next" type chain of stores to buy this Business/Concept for £500K with a potential turnover of at least £1,000,000 per annum with 50% margin.

Contact in confidence Box H3497, Financial Times, 10 Cannon Street, London EC4P 4BY

CHILLED FOOD DISTRIBUTION EAST ANGLIA

Freehold High St. Dattisheam, 3 bedroom accommodation, off-road store for weekly sales distribution, recent refrigerated vehicles, tremendous growth potential, expanding corporate accounts, 22% gross £280,000 net per year.

£280,000 + SAV
Principals only Box H3497, Financial Times, 10 Cannon Street, London EC4P 4BY

MARINE INSURANCE BROKER (CITY BASED)

Wishes to acquire Lloyd's Broker, alternatively would consider equity stake in excess of 50%.

Write Box H3495, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Company Wishes

To purchase leasing/hire purchase company.

Please reply to Box H3476, Financial Times, 10 Cannon Street, London, EC4P 4BY.

SNOOKER CLUB FOR SALE

Situated Russell. 15 full size tables. Modern licensed bar and lounge. Tremendous potential. £95,000 and on for fast sale.

Write Box H3492, Financial Times, 10 Cannon Street, London, EC4P 4BY.

POTTERY WHOLESALERS

Well established Cash and Carry Wholesale with turnover of £1M for Sale in Stoke-on-Trent, Staffs.

Please reply to Box H3476, Financial Times, 10 Cannon Street, London, EC4P 4BY.

FOR SALE

Wholesale Pharmaceutical & Chemical Supply Business
Turnover Over £5million per annum
Customers Over 1000 Retail Chemist & Drug Stores Within the M25 Circle.
Workforce 25,000. With 15,000 sq. ft. car park
Sectors: Cash & Carry & Daily Distribution
Limited General London
Price: On Application

Contact: Box H3473, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Lighting Company Wanted

Aggressive PLC in construction supplies wishes to acquire architectural/commercial lighting business.

Write H3475, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Company Wishing To Diversify

Has £1M to £1M available to purchase control of growth business.

Please reply to Box H3496, Financial Times, 10 Cannon Street, London EC4P 4BY.

INSURANCE BROKERS

Insurance Brokers - Southern England. Commercial, Fire & Personal. Commission income about £2M. Old established. Good Management.

Write Box H3491, Financial Times, 10 Cannon Street, London EC4P 4BY

ELECTRONIC COMPANY

South Midlands. Top class Contact. Aerospace, CEGB, Water Authority etc. owning major electronic. Present turnover £125,000.

Tel: 0427 83999
In reply to Box H3472, Financial Times, 10 Cannon Street, London, EC4P 4BY.

FOR SALE

Entire Share Capital of specialist clothing manufacturers. West/North Yorkshire based. 20 employees. Turnover £500,000 +. Healthy order book. Good profits. Price £190,000. Principals only.

Box H3472, Financial Times, 10 Cannon Street, London EC4P 4BY

Housebuilding/Property Companies Wanted

Please contact in strict confidence
M W Powell
0428 87740 or 0264-48925.

FINANCE COMPANY

New Zealand Public Listed Company seeks finance company in the range £1-5 million. Chained finance, equipment, heavy vehicles and related. Continuity of management essential.

Write Box H3481, Financial Times, 10 Cannon Street, London, EC4P 4BY

Profitable engineering company for sale.

£200 K + Turnover. Hertfordshire area.

Contact Box H3498, Financial Times, 10 Cannon Street, London EC4P 4BY

International Freight Forwarder

Location: South East Annual Turnover approximately £4.5 million

Write Box H3490, Financial Times, 10 Cannon Street, London EC4P 4BY

PRECISION ENGINEERING COMPANY Isle of Man

Profitable precision engineering company based in the Isle of Man. Freehold factory. Well equipped with C.N.C. Machine Tools. Good customer base in the UK. Turnover £500K. Employees 25. Principals Only.

Write Box H3468, Financial Times, 10 Cannon Street, London EC4P 4BY

EXPANDING GROUP

is looking for further acquisitions. Preferred turnover range £2-million but all propositions considered.

Contact: P.A. Newton Webb, 7, Geyers Road, London, SW1P 2JL. Tel: 01-422-7500.

Property Companies Wanted

With low book values and high C.G.T. liabilities from £50,000 to £2,000,000.

Write in full confidence to: Box H3437, Financial Times, 10 Cannon Street, London EC4P 4BY

EXCLUSIVE NIGHTCLUB/RESTAURANT

The Joint Administrative Receivers of Ascots Leisure Limited and Tatentam Limited offer for sale, the business and assets of the Broadway Boulevard nightclub in Ealing, WS.

- 28 year lease - approx 18,500 sq feet
- Expensively equipped premises with expenditure of approx £2 million on-
- Dance Floor
- Restaurant
- 5 Bars
- Lighting/Sound System

- Current turnover approx £30,000/week

For further information please contact:-
Martin Fishman or Lee Manning
Arthur Andersen & Co.
PO Box 65
1 Surrey Street
London WC2R 2NT
Telephone: 01-836 1200
Fax: 831 1133

HEALTH FOODS DISTRIBUTION COMPANY

Turnover approx £700,000
Cash benefits from modest margins in sales and/or reduction of overheads through merger.

Reply to Box H3494, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses For Sale

MEAT PROCESSING PLANT

Leasehold premises of approximately 6000 square feet. Equipment available for cooking, cooling and cold storage.

Recent turnover: £2.2 million.

Enquiries to: T. C. Carter or W. M. Roberts, Ernst & Whinney, Bracken House, 1 Lambeth Palace Rd., London SE1 7LU. Tel: 01-928 2000.

Ernst & Whinney
Accountants, Advisers, Consultants

William Hillary & Company

CHANDLERY AND WORKSHOP TO LET

4,500 SQ FT WORKSHOP
3,000 SQ FT CHANDLERY
1987 TURNOVER £1,440,000
1987 NET PROFIT £115,000
FULLY EQUIPPED
WELL STOCKED

Write: William Hillary & Company
Chartered Surveyors
Leisure Property Specialists
47 High Street, Salisbury SP1 2QP
Tel: 0722 27101

FOX & SONS COMMERCIAL

On The Instructions of The Receiver
BRIGHTON
SUPERB TOWN CENTRE SEAFRONT MUSIC BAR AND NIGHTCLUB

Urgent Sale Required
Price £125,000 Leasehold
Freehold Available if Required
Sole Agents

Ref JCT
96 CHURCH STREET, BRIGHTON,
Tel. (0273) 206661

The Better Business Centre Limited

The best businesses are available from The Better Business Centre. All types through enquiries. Buy or selling contact.

Bank: 123 High Street, London, EC1A 3EP. Telephone: 01-422 4333

ALGARVE - HOTEL BUSINESS

THE OLD VILLAGE, VILAMOURA

The management and hotel services including a 50 year lease on reception office, 2 pool bars, maid/staff/technical quarters, and a restaurant/bar/club. The opportunity also to buy or operate rental contracts for 600 beds. Enquiries are invited from companies with a solid track record to manage one of Portugal's best regarded leisure resort developments.

Enquiries to: The Financial Controller, Montpelier International plc, 17 Gay Street, Bath BA1 2PH Tel No. 0225-339033

FOR SALE

Established 1968. Overhead Power Distribution Business. Current Turnover £400K. Established Customer Base. Freehold Premises in London area. Offers of £1.5M would be considered plus S.A.V.

Write Box H3481, Financial Times, 10 Cannon Street, London EC4P 4BY

CORPORATE BARGAINS

UP TO THE MINUTE DETAILS ON COMPANIES IN RECEIVERSHIP, LIQUIDATION AND BUSINESS AUCTIONS. FOR FULL DETAILS: 85 & 87 BOSTON ROAD, HOLEY 028 1077 Tel: 061 87888

CONSUMER PLASTICS

Opportunity to acquire subsidiary of major international group, which manufactures and markets injection moulded and fabricated health care products.

c.£3M turnover with high margins. Presently located in the South East with valuable freehold if required.

Prices for all plant, equipment and goodwill £2.5M. Likely to be of interest to a marketing oriented consumer plastics company seeking rapid increase in volumet turnover.

Please write to: Corporate Venturing Ltd, 65 Kingsway, LONDON WC2B 9QT or, telephone 01 631 1179

COMMUNAUTÉ ECONOMIQUE EUROPEENNE DOLLARS U.S. 70 000 000 11% 1980-1995

We inform the bondholders that the redemption instalment of U.S.\$ 7 000 000, nominal due on 1st August, 1988, has been satisfied by a drawing on May 10, 1988, in Luxembourg in the presence of an issuer. The 7 000 drawn bonds will be reimbursed at par on August 1st, 1988.

In accordance with the terms and conditions of the bonds, the issuer has elected to redeem anticipatively all of its outstanding bonds at 101,75% on August 1st, 1988.

Interest on the bonds will cease to accrue on August 1st, 1988.

The bonds (drawn or called anticipatively) will be reimbursed, coupons n° 9 due August 1st 1989 and following attached.

The numbers of the drawn bonds and redeemable at par are as follows:

1 to 427 and 63 428 to 70 000

The following bonds called for redemption have not yet been presented for the payment:

On August 1st, 1986 29647-31610 - 31931-35646
On August 1st, 1987 24982-29646 - 36647-38981

The Principal Paying Agent,
SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE
15, AVENUE EMILE REUVER
LUXEMBOURG

Profitable Tube

bending business with £250,000 turnover for sale. Large tooling inventory and customers throughout UK

Reply Box H3492, Financial Times, 10 Cannon Street, London EC4P 4BY

Hotels & Licensed Premises

A long lease, top rate, well established busy restaurant in Fulham Rd, SW10 for quick sale. Please contact: Box H3471, Financial Times, 10 Cannon Street, London EC4P 4BY

A DIFFERENT WAY TO SELL YOUR BUSINESS - IT'S QUICK AND EASY - Just 24 hours - Tel: (0202) 484078.

PAINTING CONTRACTOR

Profitable Industry Leader based in South Yorkshire with Excellent Growth Potential

- Turnover £1 1/2 million, 10% Profit pre tax
- 40 skilled employees
- £500,000 order book Nationwide
- Blue chip customer list
- Solid management team

Principals only apply to: Box H3484, Financial Times, 10 Cannon Street, London EC4P 4BY

ESSEX

The Financial Times proposes to publish this survey on:

10th June

For a full editorial synopsis and advertisement details, please contact:

Brett Trafford
on 01 248 5116

or write to him at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
LONDON'S BUSINESS NEWS

Business Opportunities

UNITS OF 5,000 TO 20,000 SQ. FT. STORAGE SPACE AVAILABLE IN HARTLEPOOL

Long or short let. Heating and lighting if required. VERY COMPETITIVE TERMS.

Apply: BOB DETHA, DEPT. LEASING PLC, 122 WANDSWORTH HIGH STREET, LONDON SW4 4JH
TEL: 01 870 52002/3

Do You Believe That There is an Export Opportunity For Your Company in South Korea?

If so, and you want a free visit to find out, enter the Trans-Care Export Opportunity Competition supported by DTI, CBI, Barclays Bank and others.

Details from: Marketer PLC
216 Goldhawk Road
London W12 9NX

Company Notices

CONSOLIDATED COMPANY BUILTFOUNTEIN MINE, LIMITED
Registration No. 11/00096/96

GRUQUAND WEST DIAMOND MINING COMPANY, OUTOTSPAN MINE, LIMITED
Registration No. 11/00013/96

(Both incorporated in the Republic of South Africa)

DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the above-mentioned companies have declared dividends in respect of the six months ending 30th June 1988, payable to shareholders registered in the books of the respective companies at the close of business on 24th June, 1988. The dividends have been declared in the currency of the Republic of South Africa.

Dividend warrants will be posted from the Kimberley and United Kingdom transfer offices on or about 1st August, 1988. Registered shareholders paid by the United Kingdom Registrar will receive their dividends in United Kingdom currency converted at the rate of exchange applicable on 27th June, 1988, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency, provided their any such request is received at the companies' transfer offices in Kimberley or the United Kingdom on or before 24th June, 1988.

The ordinary share transfer registers and registers of members will be closed from 24th June, 1988, to 10th July, 1988, both days inclusive.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Kimberley and the United Kingdom.

Company	South Africa Currency Per Share
Consolidated Company Builtfontein Mine, Limited	4.5 cents (1987 : 4.5 cents)
Grinquand West Diamond Mining Company, Outotspan Mine, Limited	20.5 cents (1987 : 20.5 cents)

By order of the Boards For and on behalf of:
G.A. Williams
London Office: 40 Holborn Viaduct London EC1P 1AJ
Office of the United Kingdom Transfer Secretaries: Hill Samuel Restrucers Limited a Greenpeace Place London SW1P 1PL
23rd May 1988

FOR SALE

Established 1968. Overhead Power Distribution Business. Current Turnover £400K. Established Customer Base. Freehold Premises in London area. Offers of £1.5M would be considered plus S.A.V.

Write Box H3481, Financial Times, 10 Cannon Street, London EC4P 4BY

MANAGEMENT: Small Business

STAND ON THE shop floor of Antony H. Croucher, a small, family-owned engineering company based near Alton, Hampshire, and you gain a good idea of the progress of factory automation over the past two decades.

In one corner of the factory stands a numerically controlled machine tool bought in the early 1970s which is controlled by a perforated paper tape and which the operator loads by hand with the appropriate drill bit or cutting tool.

Nearby is a mid-1970s version of the same piece of equipment which is computer numerically controlled. It has a programmable memory capable of running several different machine programs and an automatic tool change.

The latest stage in Croucher's automation drive stands on another part of the shop floor; it is a flexible machining centre with a series of work tables which permit the operator to set up several rough castings for machining. This allows him to carry out other tasks while the centre selects the correct tool from the 80 in its magazine.

But the machining centre is only part of a computer aided production management system installed by Croucher in 1985 at a total cost of £450,000. Even more important is the computer system installed in the office across the corridor which allows the company to plan its purchases of raw materials, to schedule the progress of a job through the factory and to programme the machining centre to carry out the individual jobs.

Since introducing its systems, Croucher has had to face the ironic problem of becoming a victim of its own success. The automated tools the company had installed were cutting metal so fast the company's administration system could not keep up.

"We had a vast amount of work on the shop floor, but we didn't know where a particular job was and neither did our customers," recalls Michael Croucher, manufacturing director. "It was impossible to hold it all together."

Now, he says, the computer allows the company to plan all this in advance. If a particular component arrives late the computer will slot it into the schedule so it is ready in time to go into the finished job.

With turnover of just under £1m and a workforce of 28, Antony H. Croucher is one of a growing number of small companies in Britain to computerise its manufacturing operations. Two thousand small companies (employing between 10 and 99 people) - equivalent to 11 per cent of manufacturing companies in this size range in Britain - had introduced CAD/CAM by the



Dave Pring: Operating Croucher's £450,000 computer aided production management system

The key to survival

Charles Batchelor explains why CAD/CAM may be crucial for some companies

end of 1986, according to Cambridge, a specialist consultancy.

"Seven years ago small companies used programmable calculators to plan their manufacturing," says Derek Sheldon, director of advanced manufacturing technology at the University of Surrey.

"You only found computer aided design and manufacture (CAD/CAM) in the aerospace and motor industries. Small companies didn't want to think about it. They hoped it would go away."

But as the prices of computer hardware and software have come down, smaller companies have been tempted to put their foot in the water. The cost of an individual workstation has fallen as low as £10,000-£15,000, though an small manufacturer would need several workstations to computerise its systems.

This has meant, however, that the small firm owner has been served up an alphabet soup of acronyms to describe the new technology. With CAD and CAM have come computer aided engineering (CAE) and computer integrated manufacturing (CIM), both general terms to describe the entire process. Advanced manufacturing technology (AMT), meanwhile, is the term favoured by the Government to describe the application of computers to manufacturing.

Little wonder that many small company owners and boards of directors still hope the issue of computerisation will go away. "We have a chairman with a psychological hang-up about comput-

ers," complained one director at a recent meeting of the Manufacturing Industries Development Association in Surrey (Midas) an informal club of about 50 small businesses in the county.

Midas, which was set up about six years ago, is one of a growing number of organisations which will help on the subject of CAD/CAM. Manufacturing systems, including CAD/CAM, form one area covered by the Government's Enterprise Initiative, the Sandwell Industrial Resource Centre in the West Midlands specialises in training while The Institution of Mechanical Engineers plans a series of seminars for small companies starting next month.

Computer aided engineering covers a broad range of disciplines within a company but can be broken down into five main areas.

● **Computer aided design** replaces the draughtsman's drawing with the creation of two- and increasingly three-dimensional images on the computer screen. The screen drawing can be transmitted via a telephone line from a large customer to a subcontractor and the instructions for making the part fed automatically into the machining centre.

CAD may not be appropriate for the small sub-contractor which does not produce its own design drawings. Some large companies are starting to insist, however, that their subcontractors handle design data electronically or face being removed from the supplier list.

● **Process planning** allows a company to estimate the cost of a given component and the most efficient way to make it.

● **Parts programming** takes the design, puts it into the programming system of the machine tool, and instructs the machine how to cut the metal.

● **Production management** decides how best to schedule production to make the best use of the available men and machines.

● **Shop floor data collection** systems allocate bar codes to jobs going down the line so the production director knows where a particular job is at any time.

The advantages gained from these systems are a saving in the time it takes to develop new products and a reduction in the cost of overtime and the amount of stock that has to be held.

For Aircraft Engineering Components, a small engineering company with 55 employees and turnover of £1.75m, computerisation of its manufacturing operations was essential if it was to keep up with demand.

"Customers were screaming down the telephone for orders which we were struggling to do because of a lack of skilled men," recalls Jim Hook, works director of the company, which is part of Williams Holdings, a publicly listed industrial group.

number of years. Aircraft Engineering leapt from using conventional machine tools with no numerical control facility to a CAM system in one go.

Hook estimates that moving to full scale CAM means he is able to programme his machines five times faster than writing programmes manually and punching them into the machine control.

Michael Croucher also has some impressive numbers for the impact of CAM on his business. Over the past three years the value of work in progress at the year end has fallen from £76,000 to just £18,000, while stock now turns over 15 times a year compared with three times.

Croucher's investment of £450,000 - comprising £200,000 for the computer hardware and software and £250,000 for the machining centre - was a considerable sum for a small company.

But it was not only necessary to prevent a massive skills shortage - Michael Croucher believes he would have to employ twice his present workforce without the system - it was an essential fundamental shift in production techniques if companies like Croucher were to have any future at all.

Inevitably though, there are problems in introducing such complex systems. Few small companies can devote the time to choosing the system which is right for their needs.

Croucher looked for nine months before discovering a Government-funded scheme which provides companies with a newly graduated engineer to help with the introduction of CAD/CAM.

Shaun Campbell, a recently graduated production engineer from Sheffield University, then spent two years supervising Croucher's move to CAM.

Despite the cheapness of some of the available systems, companies should still make sure they choose one which is right for their needs. Companies which plan to expand the scope of their system at a later date should make sure the system they start with will be compatible with those they plan to introduce later.

None of these problems is peculiar to the smaller company though they loom larger because the small business has fewer resources to solve them. A growing number of small firms have shown it can be done. Croucher is confident enough of his company's progress to provide a consultancy service to others considering CAD/CAM.

Contact: Midas, c/o Dept of Mechanical Engineering, University of Surrey, Tel 0432 371281 ext. 2373. Institution of Mechanical Engineers, Tel 01 222 7889. Sandwell Industrial Resource Centre, Tel 021 544 7446. Enterprise Initiative: contact DTI regional offices

Co-operation agreements

A route to reducing risks

Charles Batchelor explains Elmjet's development approach

DEVELOPING A young technology-related venture is a risky business. Not only do you have to create a management team which can work together, you have to make sure the technology works and that there is a market for it.

Elmjet, a small Cambridge-based company which is developing a system of ink-jet printing, has established an unusual relationship with several of its large potential customers which could overcome some of the problems of technology and markets.

It may also have hit upon a way of fostering closer links between vulnerable young companies and established, larger groups which could be more widely applied in industry.

Elmjet is a spin-off from Cambridge Consultants, the contract research and development group (as was another ink-jet innovator, the publicly quoted Domino Printing Sciences). Set up in 1985, it now employs 23 people, has spent £750,000 on getting established and hopes to launch its first product, a bar-code printing system, in November.

It is developing a system of non-impact printing, in colour, on a range of difficult materials such as fabrics, carpets and wall-papers. The storage of the printing images on computer means very small print runs are economical so manufacturers could print to order rather than stock.

Ink-jet printing is currently used in a narrow range of applications - for product bar-coding and "use by" date stamping. Elmjet foresees a far wider range of uses.

What the company has done is to establish co-operation agreements with leading companies in five of the market areas where it hopes to sell its printers - a sixth is being negotiated - to make use of their expertise and facilities. Elmjet gains access to resources it could not afford itself, while its larger partners are in at an early stage on developments which could have a major impact on them.

Bob Hook, managing director of Prelude Technology Investments, a venture capital company which has funded Elmjet's development, says: "Elmjet is looking at the links between electronics, design systems and the ink-jet printer. If a particular project is under way, Elmjet's people might meet their management skills on two business courses being run in London from mid-June. One Business Growth Programme course takes place on eight consecutive Tuesdays afternoons and evenings; the other requires three full working days and five days at week-

ends. The charges are £285 and £250 respectively.

The courses cover finance, marketing and management skills. Contact New Enterprise Development, 15 Park House, 140 Battersea Park Road, London SW11 4BB. Tel 01 627 4931.

Some of the partners have offered to put much larger sums into the project, but Broad says he has rejected this. "It raises the question of who is managing the business," he notes. "If they invested in one area it might slow our development that way."

The annual fee does not buy the large companies a stake in the way Elmjet is run or the way it allocates its resources. Nor does it give them exclusive rights to any development, a stake in the equity or a seat on the board. What it does give them is priority in ordering any product that emerges and an early view of the way the technology is developing.

"They understand that we could change their industries if we are successful," says Broad. "If we fail, at least they have kept their fingers on the pulse of new technology."

Another area which is under study is that of how the image to be printed is captured and manipulated on the computer screen.

Elmjet is looking at the links between electronics, design systems and the ink-jet printer. If a particular project is under way, Elmjet's people might meet

Split project

How does this work in practice? Elmjet and its partners identify areas of technology that need work. They then split up the project into the parts that can be done best by Elmjet and those where the larger partner's production and design expertise is better employed.

One project they are currently working on is in the field of inks and dyes. Elmjet selects its dyes on the basis of their suitability for its equipment, its partner might be more concerned with how the dye will react when applied to carpeting or wall-paper. Will it fade or wear? Between the two a compromise can be reached.

Another area which is under study is that of how the image to be printed is captured and manipulated on the computer screen.

Elmjet is looking at the links between electronics, design systems and the ink-jet printer. If a particular project is under way, Elmjet's people might meet

Sharpening up skills

THE OWNERS and directors of established, growing companies will be able to sharpen

Business Opportunities

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

EXPRESSIONS OF INTEREST

Is your organisation looking for a new product? A product enabling you to use your existing manufacturing, local & international marketing expertise?

Our client is offering for sale International Patents for a state of the Art High Security Mechanical product with the potential to earn your company significant domestic and export revenue. This product also offers the opportunity to create a new Company Division.

For further information and proposal contact: EMHEW PTY. LIMITED P.O BOX 106 AUSTRALIA PHONE: (02) 949 7590 FAX: (02) 949 7007

EXPANDING EXECUTIVE COUNSELLING AND OUTPLACEMENT COMPANY

Our clients are a prestigious, old established, London based company expanding into major centres in UK viz. Southampton, Manchester, Birmingham, Leeds, Newcastle, Scotland and N. Ireland and invite enquiries from entrepreneurs or established management or personnel consultancies to operate in these regional office.

Contact: TPA Eastgate House, 16-19 Eastcastle Street, London W1N 7PA

LEISURE (RETAIL) BASED PLC

PLC with leading brand name in leisure field, ripe for exploitation, is interested in discussions with profitable companies to reverse in view of early Stock Exchange listing.

Please send full details to: Box F8191, Financial Times, 10 Cannon Street, London EC4P 4BY

HARD TO BORROW?

Guarantees-No Loans Minimum \$100,000 5-20 Years THE FUNDING ASSISTANCE CORP. USA 212 486-2220 TX (910)250-4060 (FIN GUAR CORP) Fax: (212)755-7339

UNIQUE EXPLORATION OPPORTUNITY

Geophysical R & D Company seeks Specialist (min. £150,000) for final development and initial manufacturing and marketing phases of high tech complex reactivity/EMI data acquisition system, following sudden death of founder in road accident. Equipment has potential to revolutionise exploration for minerals, oil and groundwater. Patents pending. Tax advantages.

Write Box F8184, Financial Times, 10 Cannon Street, London EC4P 4BY

TRAC TOTAL RECOVERY and ASSET DISPOSITIONS

TRAC Systems, Inc. is a subsidiary of Signal Capital Corporation, a U.S. company with assets in excess of \$1.5 Billion. TRAC's seven offices throughout the United States offer European companies a full package of services, including the recovery of receivables, asset appraisal, asset management, and sale of equipment. We will manage all aspects of your liquidations and asset recoveries which will result in faster and greater cash returns to you and reduced expenses.

Please contact Mr. Gunter D. Haase in our affiliated office in writing at: Bremgartnerstrasse 7 P.O. Box 1135 8036 Zurich, Switzerland Tel: (1) 461 55 45

IDEAS FOR INDUSTRY LTD

- Has funds and commercial guidance available to develop inventions and practical ideas.
- Can probably suggest improvements for companies' present operations and products.

All correspondence treated in the strictest confidence. Write: The Managing Director, Ideas for Industry Ltd., 193-195 High Street, Acton, London W3 9DD

MANAGEMENT BUYOUTS

Funds are available to assist management buyouts by the sale of freeholds and leaseholds. Completion arranged simultaneously with acquisition of business.

Replies received in confidence. Contact, Mr C C Tett, U K Land plc 145 Kensington Church Street, London W8 7LR Tel: 01-221 1544

THE WHOLE IS WORTH MORE THAN THE SUM OF THE PARTS

Independent, North London sole practitioner with interim - FIMBRA - 22 years financial services experience producing £150,000 commissions and fees from an active client bank of approximately 300, is looking to develop his career by means of a Merger/Partnership or business association in which his selling, technical and commercial skills would be fully utilized for mutual benefit.

Write Box F8189, Financial Times, 10 Cannon Street, London EC4P 4BY

Proprietor of Lucrative Executive chauffeur driven car hire business now organising additional branches in the south invites a mature, responsible business person to join him as soon as possible. Investment £25,000 to £50,000 required.

Retro Chauffeur Cars, The Nisfield Garage, Beadell Road, Nisfield, Battle, East Sussex, TN33 9EJ.

DIRECT MAIL MASTER FRANCHISE OPPORTUNITY IN EUROPE AND USA

Successful UK Company engaged in Direct Marketing of Leisure Study Products seeks to franchise its products and techniques to partners throughout continental Europe and in USA. Please write to: Mr John Nicolson, Sharps & Co. Chartered Accountants, 100 Wigmore Street, London W1H 0AE.

Motor Racing

Give your Company that sleek, fast moving image through Motor Racing. We are competing in the New Zealand Lotus series of British Championship Races, which is attracting Top Teams and very ambitious young drivers. We are support race in Silverstone British Grand Prix, Birmingham Superprix, as well as many Formula 3, meetings, these meetings attract thousands of spectators, plus plenty of Media coverage.

For further information, contact, R. Johnson "Johnson Motorsports", West London, 0935 672915

CONVERT YOUR CREDIT AGREEMENTS INTO USEABLE CAPITAL - NOW!

Avco Trust specialises in purchasing part or whole portfolios of outstanding consumer credit agreements.

- Improve your cashflow by releasing the capital tied up in outstanding credit agreements.
- Raise cash for expansion without increasing borrowings.
- Release management time from administration and collection duties.
- Realise a capital sum to fund a new venture or retirement.

We act quickly and make the whole process simple and straightforward. If you want to talk business call Tim Dawson now on 0734 589123.

AVCO TRUST WE CAN MAKE IT HAPPEN

Avco Trust Limited, Aveo House, Castle Street, Reading RG1 7JW Registered in England 72152

THINK TANK

Does your telecommunications or computer company need to develop new products or services to maintain growth? Innovative international consultant will evaluate your existing resources then locate or devise new products or services for your company. Principles only should apply to:

Box F8186, Financial Times, 10 Cannon Street, London EC4P 4BY

LENDER WANTED

Earn up to 5 million dollars commission for 50-500 million U.S. Dollars 100% secured by major world bank guarantees 10/20 years, 7 1/2% Interest. Direct calls only 201-573-9764 U.S.A. Fax (201) 664 7295

CAPITAL + EXPERTISE AVAILABLE

Businessman with significant experience at senior level, in both UK & Europe, can provide capital and skills to help a business grow. £250K private funds available, larger amounts can be syndicated with established City backing. Active Directorship and equity stake required.

Tel: 0844 213951

CHARACTER MERCHANDISING

Controlling licensors seek investment to complete well advanced project. High media profile offers for worldwide children. Intellectual property. Substantial returns possible. Principals only need reply.

Reply Box F8196, Financial Times, 10 Cannon Street, London EC4P 4BY

INTERNATIONAL COMPANY SERVICES LTD

Incorporate and manage companies in UK, Isle of Man, Gibraltar, Turks, Anguilla, Channel Islands, Panama, Liberia, and provide full ancillary and secretarial services. Brochure and details of fees free: Springfield Court, New Castle Road, Broad Dingles, Isle of Man. Tel: (0624) 25000 Fax: 0624 20888 Telex: 628554 ICS10M G London representation: International Company Services Ltd, 25 Old Broad Street, London W1. Tel: 01-493 4244 Fax: 01-491 0605 Telex: 28247 ICSLDN G

"OH WHAT A BEAUTIFUL MORNING ..."

Investment required for a National Tour of The Rogers and Hammerstein Musical.

OKLAHOMA! For further details contact: 01 228 8561 or 01 311 7188

TO ALL STOCKHOLDERS

Required for overseas buyers. Large quantities of the following: Computers, Stamps, Gift Sets, Toys, Sports-wear, Licenses, your stock to cash. Please contact us urgently if you can offer us low prices we can also receive smaller quantities.

Please contact: Susan Woodard, Tel: 081 238 1028 Telex: 888744 Fax: 081 238 9884

PROPERTY DEVELOPMENT HOUSEBUILDING CONTRACTING

Do you need a specialist independent financier's perspective to approach the City.

If so, please write in strict confidence to: Box F8187, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCE YOUR STOCK

We offer a unique stock finance facility to manufacturers and merchants and are seeking to expand our client base. If you require stock finance please apply in writing to: Churchill Merchants Limited, 126 Buckingham Palace Road, LONDON SW1W 9SA Telephone: 01-730 8428

PRODUCT LINE

U.S. Manufacturers of Chain and Hardware seeks qualified Manufacturers Reps/Sales Agents to actively sell to the Mining, Railroads, Heavy Construction, Industries. Send full company details and current product represented.

Fax No. (215) 874-8599

INVESTOR(S) REQUIRED

£100,000 to £500,000 to assist expansion of successful IT and Management Consultancy, Working Directorship (Financial) good travels.

Telephone: (0853) 716466.

MORTGAGES

On Commercial & Industrial Properties at prime rates 5/10 years. Interest only. Minimum loan £250,000.

Europe's Leading Finance Consultants EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

CORPORATE FINANCE

UNBANKED FINANCES AVAILABLE FOR EXPORT/IMPORT/TRADE CREDIT/INVESTMENT RATES FROM 1% OVER LIBOR. COMPETITIVE RATES AVAILABLE FOR COMMERCIAL MORTGAGES & LEASING.

Write: Box F8188, Financial Times, 10 Cannon Street, London, EC4P 4BY

Tel: 01-861 2727 and ask for GARY KELLY

UNITED STATES SALES

U.S. Sales Office is seeking hard-to-get services to establish new industry manufacturers. Establish new or reorganize existing sales with experts in the field 30 years exp. For Company profile, more info: Mac International, P.O. Box 9644, New York, NY 10108, USA. Fax: 202-468 6076

INTERNATIONAL EXECUTIVE

Highly experienced chief exec. of British/Arabian groups now returned U.K. initiatives in Middle East. Intros/Projects/Commercial. Fit good travels.

Write: Box F8181, Financial Times, 10 Cannon Street, London, EC4P 4BY.

\$500,000 - £1,000,000

Available for investment into western international trade. New UK offers. Experienced investor. Broad contacts. Int. industry. would participate in exp. Write: Box F8182, Financial Times, 10 Cannon Street, London, EC4P 4BY. Tel: 01-228 9988 USA.

Up to £500,000 Available

For a share holding and working directorship in profitable business. Telephone Kate on 0264-65955

LOOKING FOR A BUSINESS?

If you want to buy or back a business Venture Capital Reports give details of 400 specific opportunities in:

For full details without obligation contact: VCL, 2 Bessie Road, Heston on Thames, Middx UB7 7JL. Tel: 01-835 0000. A member of VCB&A

Established UK MFR

Seeks distributors/wholesalers in various parts of the U.K. and overseas for its range of high quality R.S.I. approved cleaning machines and allied chemicals. Write: Box F8183, Financial Times, 10 Cannon Street, London, EC4P 4BY.

EXECUTIVE SEARCH/RECRUITMENT

Best growing consultancy based in London is seeking to recruit a number of experienced executives to work in London and the South. We wish to build a small permanent practice of top level executives who have the knowledge to manage a Southern based business. Please send CVs to: Executive Search, 100 Victoria Road, London SW17 0JH. Tel: 01-873 0000.

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

EUROPEAN FINANCIAL SERVICES

EUROFIN INT (Financial Services) LTD 12 Barbican Street, W1 Tel: 01-228 9981 Fax: 001-0476

ARTS

Hayward Gallery/William Packer

Impassioned penguins

Once more the South Bank Board presents us with what seems a pervasively incongruous double-

"Angry Penguins" is one of those ambivalent, useful phrases born of defensive self-mockery in a climate of general abuse.

the work alone, seen as art rather than polemic, that any critical interest and judgement rests. It is certainly the great strength and value of this exhibition that whatever the quality of the collective achievement, the individual contributions that make it up



"Death of Sergeant Kennedy at Stringybark Creek," 1946 by Sidney Nolan

all to make sure to see them. Not all the works are of an equal weight, and there is towards the end a sense more of an instructional than personal eye behind the later acquisitions.

But others than Nolan, though not so well known, are no less impressive: Albert Tucker in particular dominates the show with another extended sequence of paintings, of a viciously surreal expressionism, on the theme of "The Image of Modern Evil."

and Matisse, Braque and Modigliani, Sloan and Bellows, Bacon and Rothko, and Bonnard, who, as a pure painter, is perhaps the greatest of the 20th century.

London Sinfonietta 'Response'

Paul Driver

The second of the London Sinfonietta's recent "Response" weekends packed with modern music began in the Queen Elizabeth Hall on Friday with a showy evening of world premieres and other items conducted by Oliver Knussen, and already reviewed on this page by Max Loppert.

The Fifteen Streets/Playhouse

Claire Armitstead

After barnstorming its way around the north of England, this hearty adaptation of Catherine Cookson's semi-autobiographical novel embraces the West End in a bearing of family loyalty, betrayal, love, loss and all the little homespun wisdoms that

shall sit down to tea together. Nigel Miles-Thomas, as the villainous brother Dominic, stamps through the play with a perpetual scowl on his face, while Owen Teale exudes a rough-hewn honesty-goodness as he rather grudgingly belts a younger sibling for

does the next best thing by allowing Christina Nagy's ladylike schoolteacher to move into the fifteen streets in pursuit of her man. I doubt many in the audience would imagine the capture beyond her. Yet it is shot through with a shrewd perception that is typical of Cookson's writing: to borrow a phrase from her autobiography, Our Kate (published in 1968 and well worth a read), she has an eye trained to the cruelty of the bigoted poor.

Ondine/Covent Garden

Clement Crisp

A first major change of cast in Ondine brought Cynthia Harvey as the sprite on Friday night, with Jonathan Cope as Palemon. The challenge of Ondine's dances is, as ever with a major ballerina role, to reinvent the character while respecting a choreographic identity. Since the choreography speaks so potently of Fonteyn

Fonteyn herself stressed. She managed extremely well the liquidity of gesture that makes it seem in the first act that Ondine is still sporting in her natural element. She has the speed to skim through the dances as if borne along on their rushing momentum. She has, and this is the most difficult thing, the ability to move from capricious innocence to deeper emotion without disrupting the line of the character. And she found, for the final encounter between Ondine and Palemon, the sense of inevitability that brings the tale into tight emotional focus and explains the tragedy we have been watching.

graphic style. For Jonathan Cope the task is to make credible a far more incisive character. To Palemon's romantic hot-headedness in the first act he brings youth, good looks, and something brooding as well as impetuosity: we can believe in his sudden passion for the sprite. Where experience must deepen the role is in the final scene when, first the wisdom of Ondine must set his senses

Arts Guide

Opera and Ballet NETHERLANDS Amsterdam: Muziektheater. The Netherlands Opera in Die Entführung aus dem Serail by Mozart, directed by Helmut Poliza. The Netherlands Philharmonic, conducted by Hartmut Haenchen, with Birgit Finlayson (Konstanze), Wed (255 455).

by Giorgio Cristini. Giuseppe Patane conducts a cast which includes Carmela Apollonio, Aida Ferrarini, Enrico Fiasore, Alberto Rinaldi and Giosetta Winberg. (80.91.26). Rome: Teatro Dell'Opera. Enrico's successful production of Richard Strauss's Salome, conducted by Wolfgang Rennert with Lisa-Rubina in the title role, alternating with Edia Moser, Horst Heistermann and Elizabeth Glusker (Sat). Also (Sun, Wed) Rossini's Moss produced by Pier Luigi Pizzi and conducted by Paolo Olini.

René Kollo as Walther, Bernd Wehl as Sachs and Lucy Peacock as Eva. Frankfurt Opera. This week's highlight is Tosca, in Jean-Pierre Ponnelle's production with Galina Savova in the title role, Louis Lima as Caravadosi and Ingvar Wikell as Benvenuto Cellini. Le Nozze di Figaro features Hildegard Behchele, Nan Christie, Wolfgang Schone and Tom Fox. Also offered a Hans-Peter Blochwitz heider recital and William Forsythe's ballet, Impressing the Czar.

Saleroom/Antony Thorncroft

Egyptian art from Eton

Eton College owns one of the largest, and best, private collections of Ancient Egyptian art in the UK, and more than two hundred items from it are being offered on show until Friday at Sotheby's. The exhibition is in honour of Mr Harry James, who retires this month as Keeper of the Department of Egyptian Antiquities at the British Museum, and among the main treasures are two blue and turquoise glazed faience chalices, with scenes of Kings in combat in relief, and many Romano Egyptian stucco mummy portrait heads.

MILLE BREAK-FIRST Some days are better than others. Especially those which begin with a breakfast from MILLE BREAK-FIRST and a complimentary copy of the FINANCIAL TIMES.

WEST GERMANY Berlin: Deutsche Oper. Aida has fine interpretations by Cristina Angelakova, Julia Varady,

Paris Petis Chanteurs de Paris and the Orchestre National de Paris are conducted by Jose-André Gaudin (Tue) and Daniel Barenboim (Wed).

Sotheby's did better with Renaissance medals, coins and paper money, which realised £151,688, with less than a per cent unsold. The London dealer C. Humphris bought a medal of the Emperor Claudius by Varro, a previously unknown medallist working in Filarete's workshop in Rome in the mid 15th century. A bronze medal of Leonello d'Este, Marquis of Ferrara, by Pisanello, sold for £7,700. Both

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday May 24 1988

Where to go after Kadar

FOR MORE THAN 20 years Janos Kadar's Hungary has been Eastern Europe's laboratory for economic reform.

Hungary today, with its high foreign debt, falling living standards and industrial weaknesses, is not the most productive of advertisements for Gorbachev-style reform. Certainly its reforms have not been as successful as those of the Soviet Union, but the country has shown a remarkable ability to resist deteriorating terms of trade or to transform its bureaucrats into entrepreneurs overnight.

Nevertheless the new orthodoxy, now heard echoing in unison across much of the wider bloc, has drawn heavily on Hungary's experiments in decentralisation, in relaxation of central planning, in private enterprise, taxation, banking and devolution of decision-making in industry.

Now it looks as though Hungary under Kadar's successor, Mr Karoly Grosz, may become something of a laboratory for political reform. Mr Grosz's credentials as an economic, let alone, political reformer are not as solid as they might be. Many Hungarians who converted to the reformist cause long before he did have yet to be convinced that his commitment to greater freedom of expression for alternatives to the party line, or to the separation of party and state, is stronger than his commitment to backing winning horses.

Raised expectations

Nevertheless Mr Grosz's pronouncements on the need for reform, during his not-to-be-doubted campaign for the party leadership, have raised expectations that he will not easily escape, especially in view of the more relaxed attitude to political debate evident in Moscow.

Indeed Mr Mikhail Gorbachev's vague talk of greater democratisation as an essential prerequisite to economic reform may have added unnecessary complications to the task facing reformers in those of the Eastern Bloc capitals such as Budapest where there is genuine rank and file pressure for both economic reform and political pluralism.

Priorities for community care

THE NEED to provide adequately for loss of earning power in old age is widely understood. Living standards, however, depend as much on the availability of services as on incomes. The failure to develop an adequate network of non-residential community care facilities means that many elderly and handicapped people simply cannot buy the services they want: they are forced into institutions even though the care they need could be supplied more cheaply directly to their homes.

Attempts to develop efficient and humane community care schemes are also thwarted by perverse financial incentives. Expenditure on domiciliary services is subject to relatively tight financial control and a rigorous "needs assessment" by social services departments. But the same rules do not apply to residential homes. Last week, the Public Accounts Committee of the House of Commons drew attention once again to the distortions caused by the funding of residential care through social security benefits. Between 1980 and 1986, the number of old people in private and voluntary homes more than doubled and supplementary benefit payments to finance their accommodation rose from £18m to £483m.

Loaded choice

The expansion was not a reflection of the quality of service but of the loaded choice presented to many old people. The cash they can obtain with no questions asked if they enter institutions cannot be used to purchase domiciliary services delivered to their own doorsteps. Yet as the Audit Commission pointed out in 1986, the cost to the taxpayer of residential care is much higher than that of comparable community services - around £300 a week as opposed to about £130.

Moreover there is considerable scope for abuse. The payments are frequently made directly to the proprietors of the homes who then hand out "pocket money" to their dependent residents. According to the PAC, the fees charged have tended to reflect the supplementary benefit limits set by the Department of Health and Social Security rather than the quality of services offered. Lack of monitoring arrangements, said the PAC, meant that the DHSS did not know whether this led to "unreasonable profits"

By advocating greater freedom of expression for alternatives to party policy and greater participation in the formulation of that policy by the ordinary worker or party member, the Soviet leader has shown potentially damaging confusion.

Recent events in Poland have already shown the folly of taking his calls for greater trade union independence - totally at face value. The hesitancy of the Polish authorities in responding to the latest outbreaks of industrial unrest, let alone the hesitancy of the Soviet leadership in dealing with nationalist unrest, indicates that the East European leaders, from Gorbachev down, as well as those people are embarked on a period of learning which unless confidently handled could get seriously out of control.

Oppressive control

Decades of oppressive centralised control by the ruling Communist parties have left the Eastern Bloc states without institutions for, and experience of, non-violent resolution of political conflict.

It is time for Mr Gorbachev to give a much clearer lead. He must start laying the ground rules in unequivocal terms, spelling out clearly what he means by democratisation and how much progress towards political pluralism the Soviet Union, as political guarantor of the Eastern Bloc, is willing to tolerate.

He must redefine the old Leninist slogan "the leading role of the party" for the new age in which the people are to be treated as adults, capable of taking responsibility and to be trusted with decisions affecting their own lives.

The forthcoming party conference in Moscow next month will provide a timely opportunity for a profound re-examination of the role of the party within the state, and the relationship between the ruling parties within the Soviet empire.

It is to be hoped that the Soviet leaders will find decisive support for the principles he is advocating. But first he must define precisely what he wants for and of the peoples and states he professes to lead.

Michael Cassell looks at the prospects for a Labour Party refashioned for the 1990s

Kinnock's journey to the future

MR NEIL KINNOCK'S ability to lead Britain's Labour Party to the promised land of power by way of a remodelled political ideology is about to face its first test. Tomorrow, the party's national executive committee meets to consider the initial conclusions of the policy review that Mr Kinnock, the party leader, inspired after last year's third successive general election defeat.

The review's seven policy papers will be roundly denounced by left-wingers at tomorrow's meeting, but Mr Kinnock's dominance of the committee makes it certain that they will be adopted. The bigger challenge for the party leader and his supporters is to win approval from the wider party and from the public - to create a political creed capable of rendering Thatcherism obsolete in the 1990s.

Labour is attempting to shift its balance; it is not, say Mr Kinnock's allies, biding his basic ideological position from the centre-left of British politics. In the leadership's eyes, therefore, the battle is no longer between right and left but between old and new.

The party's left wing does not see the review in the same way. The criticism started almost before Mr Kinnock had finished his address to last autumn's party conference. The left claimed that bedrock socialist doctrine was under threat from a right-wing, reformist, leadership; a proud crusade was degenerating into a humiliating readiness to accept the Thatcherite, capitalist consensus.

Mr Tony Benn, the principal parliamentary spokesman of left-wing purity, is challenging Mr Kinnock for the leadership; the issue will be resolved on the first day of this autumn's Blackpool conference. The campaign was expected to revolve around the two men's views of the party's future: Mr Kinnock's "new socialism"; Mr Benn's overly anti-capitalist revitalisation of basic socialist values.

There is, so far, little evidence of the "great debate" Mr Benn has promised. Next month, however, he will hold another rally intended to demonstrate the diversity and breadth of support for undiluted socialism. And in a book published today, he accepts that any new manifesto must embrace changes. But he insists that "none of them really alter the underlying faith which brought the Labour movement into existence." He gives a warning that, in the search for "media approval," Labour is in danger of

destroying its basic credibility and fatally damaging its electoral chances.

Mr Kinnock's annoyance at the prospect of a distracting contest fought on such territory has been tempered by his delight at the thought of inflicting upon Mr Benn what is widely expected to be a crushing defeat. But the party leader does not intend to bestow upon the leadership challenge a status he believes it does not deserve, a response which has drawn some criticism from supporters anxious to see him turn the fight more positively to his advantage.

Detailed debate has been difficult while the policy review groups, comprising leading party and trade union figures, have been working privately on the broad framework for the new model Labour party. Following an intelligence-gathering exercise which included everyone from sympathetic academics to ordinary Tory voters, the first phase of the review is complete. Delegates to the Blackpool conference will be asked for, and expected to give, their backing for the outline shape of the socialism-to-come.

The backcloth to the review was provided by the statement of aims and values, written jointly by Mr Kinnock and his deputy Mr Roy Hattersley, which spells out their commitment to a democratic socialist doctrine. The leaders' document is generously peppered with socialist themes, from its pledge to create and maintain a free, pluralist society in which power and wealth are more evenly distributed, to its commitment to raise the level of public ownership and to sustain full employment.

Significantly, however, on both these last key issues, the review groups concerned recognise that, while the party's objectives remain intact, they will need to be tailored to embrace fundamental changes which have occurred since Labour last held power.

Though they rarely acknowledge it openly, the policy papers in many cases tacitly accept the impact and influence of nine years of Thatcherism. Leading Labour party figures like Mr Bryan Gould, one of the prime architects of the policy review, have gone as far as to admit that some "reversed restructuring proposals" have been necessary to dump some of the cumbersome economic baggage of the 1960s and 1970s.

Even so, the leadership has decreed that the party's priority is to shape a political philosophy for the 1990s capable of portray-



ing Tory philosophy in a distinctly old-fashioned light.

Supporters looking for signs of inspirational radicalism may not find much comfort in the initial deliberations, many of which, at this stage in their evolution, inevitably appear generalised.

Party critics, not just from the hard left, have already made clear their belief that the review is more concerned with getting Labour off old ideological hooks than into a new suit of clothes. They have labelled the policy papers evasive, feeble, bland and cloudy.

Though some proposals may appear radical for Labour, they might not be seen in the same light by an electorate used to the daily challenges of the Thatcher revolution. Much of the emphasis is on freedom and individual choice, already well-enshrined as the political language of the 1980s.

The cornerstone of Labour's new thinking lies in its economic policies, the area which Labour fluffed at the last election and which Mr Kinnock believes will prove decisive at the next.

Under Mr Gould's guidance, the party has abandoned its Alternative Economic Strategy of the 1970s, which was based on a blend of Keynesian demand management, an expanding programme of nationalisation and spreading statism. In its place, comes a Medium Term Financial Strategy designed to shift the current imbalance between short-term demand and long-term investment.

There are numerous references to the need for flexible, adaptable

industries and to the critical role of science and technology in Britain's economic future, together with calls for a partnership which couples individual opportunity with a major, enabling role for government.

The proposals call for a number of "public interest" companies to be created, covering the major, statutorily responsible

The policy papers in many cases tacitly accept the influence and impact of nine years of Thatcherism

abilities. They would be obliged to meet state-imposed investment and pricing criteria and standards of consumer service. In return, Labour will escape the nightmare of renationalisation.

The leadership claims that this broadening of the concept of public ownership is consistent with clause four of the party constitution, which since 1918 has committed Labour to the common ownership of the means of production, distribution and exchange.

The review treads the same ideological quicksands in its apparent readiness to embrace the role of the markets across wide sectors of the economy - though it rejects unregulated market capitalism outright. The

policy paper on consumers and the community bravely suggests that the market is the most appropriate means of ensuring the efficient distribution of many goods and services.

In stressing the needs of consumers alongside those of producers - another common theme - Labour now talks of a new "public enterprise culture," embracing a range of public services from transport to health and local authorities. According to Mr Jack Straw, joint chairman of the consumer review group, the public sector may have been too self-serving in the past and must in future be judged, alongside the private sector alternative, on the grounds of efficient delivery of services.

Some of the policy review's most fundamental disagreements came in the discussions of taxation. Mr John Smith, the shadow Chancellor, nevertheless appears to have won the argument that, while Labour's redistributive philosophy remains secure, the old soak-the-rich attitudes, once held dear by any self-respecting socialist, must go.

The new approach is to establish fairness in taxation for poor and rich alike, which will entail tax rates "more closely related to people's ability to pay." In practice, income tax rates could run from as low as 15 per cent to as high as 60 per cent. There are also proposals for a statutory minimum wage and for the introduction of a new system of "social insurance" intended to introduce greater equity into the benefits system.

Among the potentially most

explosive policy areas to be explored in Labour's relationship with the trade unions, the bedrock of its traditional support. The party faces a difficult balancing act; it must promise to remove what it sees as absurdly restrictive measures governing trade union activities while being careful not to rekindle widespread public antagonism towards the unions.

Mr Michael Mowbray, the shadow Employment Secretary, wants a new power-sharing structure for industry, giving employees access, possibly on a legal basis, to the decision-making processes of management. Sections of the Conservative Employment Acts regarded as beneficial to individual workers' rights, such as recourse to secret ballots, will not be repealed.

Perhaps the party's biggest dilemma is on defence, the electoral issue which arguably overshadows all others and which the initial review has so far barely touched on.

Mr Kinnock has no personal inclination to consider abandoning the party's non-nuclear objectives - and no political elbow room to do so either. But he clearly expects events beyond his own control to help smooth the party to a less contentious stance. Developments in the field of arms control will almost certainly help Labour overcome its dilemma over US nuclear weapons based in Britain; the party can be expected increasingly to rely within Nato for less reliance on nuclear forces and more dependence on conventional weapons.

Mr Kinnock is already forcefully advocating adoption of a Nato "no first use" nuclear strategy. But remarks like those he made recently in Madrid, stressing the need for the Western allies to maintain defence forces capable of resisting and deterring any potential military threat, do little to clear up the uncertainties over Labour's position.

In the defence debate, the Trident missile remains the issue that all opposition politicians must address. Mr Kinnock and his colleagues must now begin to formulate an unequivocal position on Trident - a decision which will not be left to any party review committee.

Labour has reached, said Mr Hattersley last weekend, a "year of destiny as well of decision." The party's policy review now had to produce a breakthrough which would excite loyalists and attract new supporters, he said. Labour might not survive if it lost its faith.

More accurately, the party has another twelve months to complete the decision-making process. Until specific policies have been honed down to provide Labour with a sharper cutting edge, it will be hard to assess how significantly Labour has attracted its message and how attractive it is likely to prove to voters.

The party leadership believes the electorate shares its vision of a democratic, caring and compassionate society, though it acknowledges the public's continuing doubts about Labour's ability to deliver. The task is to convince voters differently, without juddering fundamental ideology to an extent which might invite left-wing accusations that the Labour party of the next century will be indistinguishable from Dr Owen's Social Democrats.

At next year's party conference, the review process will be complete. After that, the electorate will decide.

Fighting Back by Tony Benn, London, Hutchinson, 55.95

Perez makes progress

■ Perez de Cuellar, the United Nations Secretary-General, passed through London yesterday for talks with Margaret Thatcher and the Foreign Secretary, Sir Geoffrey Howe, en route to the summit meeting of the Organisation of African Unity in Addis Ababa.

It is odd that he does not come here more often since the Prime Minister rather likes the 67-year-old Peruvian diplomat and, in a quiet way, the UN is going through an active phase.

Perez talked mostly about the Iran-Iraq war where he seems to have set a private deadline of around July 1 for reaching agreement on a cease-fire. He is awaiting a written reply from Iran on some procedural proposals he has made to facilitate talks between the two sides. The reply must be strong enough to convince Iraq that Iran has fully accepted Resolution 598 which calls for an end to war and was passed last year. If it is, it may be possible not to move to a further resolution demanding an arms embargo on one or both parties.

The change in the war on the ground, with Iran no longer obviously advancing, may make a settlement more likely.

There is also Cyprus where a new initiative is due. Thatcher saw George Vassiliou, the new Cypriot President, in London recently and Perez is seeing him next week. Not least there have been the London talks - outside the UN auspices - on the future of Angola. Perez regards them as a miracle. And, of course, there is the Soviet withdrawal from Afghanistan in which the UN has played a role.

Perez is sticking to the formula of "proximity talks" in nearly all negotiations. The job of the Secretary-General, he says, is to help the parties to a dispute save face. He has not done too badly, though recently he has been aided by the more conciliatory attitude of the UN of the Soviet

Union. The Russians, he thinks, now want a part in discussions on all international issues.

Sensitive bras

■ Dr Kohno, research director of Nippon Steel, forecasts that by 1990 over 40 per cent of his research staff will be working on targets other than steelmaking.

The company, he says, is looking for new sources of income from social and cultural development. One example he gave is the "shaped memory alloy", already used to reinforce bras in Japan. It is proving popular with Japanese women because it remembers their curves and the bra springs back to the right shape after laundering.

Glaxo's new man

■ Glaxo, Britain's biggest drug maker, yesterday appointed as finance director John Hignett, a well-known City figure who is currently a managing director at Lazard Brothers. The announcement has caused some surprise in the pharmaceutical industry.

The company spent out the qualities it wanted for the job in an advertisement which said the new person "must have substantial experience operating on the main board of a major group of companies". The implication was that the man or woman Glaxo was looking for should have worked at a high level in an industrial operation.

While Hignett is high up in City circles - for three years in the early 1980s he was head of the City's Takeover Panel - he has not worked on a day-to-day basis in an industrial company. He is on the board at Lazard, but there are 59 people, so room for quick decisions may be limited.

He is, however, friendly with Sir Paul Girolami who, besides being Glaxo's chairman, previously worked for 12 years as the

OBSERVER



"It's the chief whip on the line, Lord Greystroke."

on one stand. The Birmingham stand had grabbed the most eye-catching prop, however, with a sports car plonked amid the floral display.

The media were particularly enthusiastic about the marquee which in mid-morning because it was teeming down outside. All the arc lights and tripods and microphones and interviewers interviewing authors talking to actors smiling for the cameras destroyed any hint of atmosphere.

Then a funny thing happened. A bird started singing and it wasn't a recording, but a genuine gnatcatching blackbird attempting to introduce a little rural idyll. It soon flew away. Someone must have explained there is a rule that bans livestock.

Music to Moscow

■ Britain's new Ambassador to Moscow, Rodric Braithwaite, will be able to serenade the Russians with music as well as words. The son of a New Zealand orchestra conductor and brother of the British conductor Nicholas Braithwaite, the 56-year-old Bedales and Cambridge-educated envoy is himself a viola player, which should go down well in a country where string music is particularly appreciated. Since 1984 he has been Deputy Under-Secretary of State (Economic) in the Foreign Office, following a stint as Head of Chancery of the UK Representation to the European Community during the early years of British membership in Moscow he will succeed Sir Bryan Cartledge who retires in August.

Not cricket

■ If you are going to Lords this season, be sure to take a careful look at your tickets in advance. The advertising department of the Financial Times took a party of six guests there yesterday with tickets marked Grand Stand West, Row 12 and costing £30 each. There is no Row 12 at Lords.

THE MAGICAL WORLD OF POLYMERS

Vita

Today's world is a world of polymers.

Light and energy, with a few drops of water, can be used to create polymers. Polymers are the building blocks of modern materials, from plastics to fibres, from rubbers to adhesives.

In this magical world of polymers, British Vita stands unique. It is the only Group in the world to combine the techniques - compounding, moulding, laminating, extruding, processing, impregnation, foaming - just a few of the many operations developed, mastered and produced by Vita Group members to produce a vast range of polymers, from the most sophisticated to the most basic.

Taking the products of the international chemical community as a starting point, such techniques result in products, ranging from the toughest engineering plastics to the softest foams, from quills and furfural, from car air conditioning hoses to the most sound absorbent, acoustically absorbing, fire-retardant, and roof, from warm, soft materials for the most sensitive, to a gown to tough, coated fabrics designed to resist the most severe conditions without cracking - all part of Vita's magical world of polymers.

For further concrete information please contact the Publishing Department
BRITISH VITA PLC, MIDDLETON, MANCHESTER M24 2DB
TEL: 061-643 1133 FAX: 061-653 6411 TELEX: 66792

INTERNATIONAL LEADERS IN POLYMER RESEARCH AND TECHNOLOGY SERVING THE FINANCIAL AND INDUSTRIAL SECTORS OF THE WORLD

Letters to the Editor

From Dr David Green: Sir, Your editorial (May 17) concluded that the Government's policy should be to 'improve the management and efficiency of a tax-financed national health service (NHS) rather than to encourage private health insurance. This view fails to take into account the serious structural...

Radical ideas on health

Health care has much in common with other consumer goods; efforts to finance it from taxation lead inevitably to rationing. The only way that health care could be an entitlement is by means of a bought-and-paid-for private contract, under which the (actuarially-sound) premium is paid by the individual or family in return for a contract of insurance, ultimately enforceable at law. No government can guarantee a right to a service when the cost is unknown. Perhaps the most damaging effect of the NHS promise of 'free' health care has been the way it has undermined the capacity of people for self-direction, and spread a child-like dependency on the state. The deception involved in compelling people to pay for a monopoly service, while at the same time presenting that service as a kind of gift from Government, has been part and parcel of the welfare state since its early origins before the First World War, when Lloyd George used the spurious slogan 'misapprehension for forgiveness' to encourage support for the original 'panel doctor' service. We cannot escape personal payment. But we can choose whether the payment takes the form of a tax or a freely paid premium. Paying a price is a disposal of income whereas a tax is a deduction from income, which takes away personal responsibility for deciding how much money will go into health care, and curtails personal power to choose the best arrangements for the supply of medical services, thereby impeding competition. The only realistic alternative to taxation is insurance. At present about 5m people have private health insurance. This number would probably be considerably larger if people had not already been forced to pay for the NHS through taxation. No system will ever be responsive to consumers if producers receive payment whether or not their work is satisfactory. Greater consumer power could be achieved by leaving the NHS more or less intact, thus causing the minimum of disruption, but simultaneously permitting people who are dissatisfied to escape, and to claim an age-weighted voucher representing the tax they had paid towards the NHS. People opting out would be required to relinquish their claim to free NHS services and to take out private insurance to the value of the voucher or more, including catastrophe cover. The Government would no longer face a commitment to finance an unlimited set of health care services, but would make a fixed annual contribution. People who wanted more services would be free to pay more. The pressures on the NHS will ease as individuals opt out, reducing the extent of the open-ended financial obligation faced by government. No one will be 'locked into' the NHS, because at any moment each person will be free to escape by choosing the voucher option. Individuals of families choosing to opt out of the NHS would not be confined to using private hospitals. They could receive care from NHS hospitals as paying customers, thus altering the balance of power between doctor and patient. Above all, everyone, rich or poor, would have the opportunity to become a private payer. David Green, Director, The Institute of Economic Affairs, 2 Lord North Street, SW1

My interest is to see the NHS preserved as a paradigm for the US. A.C. Enthoven. I have published my own study of these matters. My interest is to see the NHS preserved as a paradigm for the US. The US spends 11 per cent of its gross national product (GNP) on health, compared with the UK's 6 per cent of GNP for comparable - and in some respects better - medical care for all our citizens. The NHS needs a base of the entire population in order to function. If people wish to spend their own money for private care, that should be permitted; and the fact that they would have to pay extra would be a satisfactory restraint to over-utilisation. All efforts to eliminate waste and make the NHS more efficient are of course worthwhile. However, an increase of expenditure - perhaps by 2 per cent more of your GNP - is necessary to cure your current waiting and facility problems. The UK health system would still be far more economical than those of the other industrialised countries - and would be clearly better. Henry Shenkin, 265 St Joseph's Way, Philadelphia, Pennsylvania, USA

There are problems in water metering. From Mr George J. Smith. Sir, With reference to our correspondence on water metering: The average cost of supply and installation of a water meter to a domestic property would be £300; 50 per cent of this being the cost of the meter. Some 24m properties require to be metered. At least 10 per cent of the water meters would be imported. Estimated cost of imported meters is £1.5m - a burden on our trade budget. Any legislation governing the accuracy of water meters will have to take into consideration the inlet pressure and rate of flow through the meter. And if the meter is installed in the boundary to the property, as is proposed, any leaks from the service pipe will be the responsibility of the consumer. This pipe can be some distance from the meter, and any leaks would go unnoticed until a massive water bill is presented to the consumer by the water authority. What happens if the tenant or owner of the property cannot pay? Will the parents of large families or those on low incomes, least able to afford huge water bills, send their children to school dirty, or obtain water from whatever source may be available, such as rivers, lakes or ponds? The health service is stretched far enough without an epidemic of typhoid or cholera. But if poor people have to choose between the cost of a hygiene may not be high on the priority list. Whom did the Government consult before pursuing this ill thought-out scheme, no doubt with privatisation in mind? George Smith, Cherrington Road, Wytton, Cambridgeshire

Change and decay. From Mr R. Neal. Sir, When visiting the Burgundy town of Beaune recently I decided to supplement my stock of French francs as the weekend approached. I entered the Crédit Lyonnais bank branch in Place Monge, where the exchange rate of the pound was shown as 10.40FF, and changed a £10 note. The amount I received was 80FF. The bank apparently felt obliged to charge a commission of 24FF for handling this difficult transaction, involving an obscure foreign note. This is one of the benefits of European Community membership? R. Neal, 14 Cranbury Drive, Emsay Green, Reading, Berkshire

Smoking is a different matter. From Mr Michael D. Horst. Sir, The latest US surgeon-general's report on smoking (FT report, May 17), comparing tobacco with hard drugs, is lacking in both scientific objectivity and common sense. The conclusions reached by the report are simply not supported by the facts. Millions of people quit smoking every year. Over 85 per cent of those who quit do so without the help of any organised cessation programme. Many people smoke on only social occasions. Others significantly reduce their intake over time. None of these indicators is compatible with the surgeon-general's conclusions. Nor are these conclusions acceptable to anyone familiar with the tragic disruption of social, family and professional life frequently seen among those who use cocaine or heroin. The surgeon-general's trivialisation of America's serious drug problem, via a gratuitous comparison with tobacco is unwarranted, unjustified and irresponsible. Michael D. Horst, Vice President, Philip Morris EEC Region, 4 Brillancourt, CH-1001, Lausanne, Switzerland

Policies benefited Scotland. From Mr Thomas Lines. Sir, Joe Rogan describes a 'politicians' analysis' that financial services and the electronics industry form the backbone of the 'enterprise culture' in Scotland (May 13). This seems rather wide of the mark. Growth in the Scottish electronics sector, has had limited British involvement; it has been deliberately fostered on the basis of foreign investment. The success of this strategy owes most to the care with which central and local government agencies - most notably the Scottish Development Agency - laid out the infrastructure and wooed foreign firms. The SDA has shown great enterprise in securing this strategy through, but I hardly think this is what Conservative ministers are thinking of when they talk of the 'enterprise culture.'

Scots Tories could revive. From Mr Paul Walker. Sir, I find little to agree with in James Burt's assertion (May 7) that there is little sign of an end to the Tories' decline in Scotland. True to say that some problems exist, and will remain for some time, but the lower turnout at local elections masks more Conservative supporters than Labour. Even then, while not marking a reversal in Scottish Toryism's run of bad fortune, the district elections have noted the plateauing out of the current rate of fall and, perhaps, of coming renaissance. The loss of only one seat in Glasgow, because of population shift rather than issues, must be seen as a success; the other four were held. Edinburgh's Tory demise again reflects this pattern. The gain of Polmont in nearby - now commuter - Stirlingshire reinforces my view of change to come. It also emphasises the fact that retained for rates in 1985, the present ratepayer population in Scotland welcomed the proposed Community Charge, or 'poll tax.'

There is a need for a European rating agency. From Mr David Bushon. Sir, Stephen Fidler's article 'On the Importance of Ratings in the Euromarkets' (May 17) addresses the role of the Securities Association (S.A.) and in particular the criteria for the inclusion of 'relevant agencies.' It is my firm belief that he does scant justice to the newest arrival - EuroRatings. For the record, we were informed on May 5 that EuroRatings has been accepted by the S.A. as technically fully capable of rating all debt issued in the Euromarkets. The only matter outstanding is that of developing usage by practitioners and this will be achieved over a period of time. If it is age rather than quality which is of concern, it is hardly surprising since our age is measured in months rather than decades. Since our launch in March 1987 we have rated almost 140 issuers in all sectors of the Euromarkets. The recent moves by US agencies to Europe could be construed as a defensive measure in response to our success. The facts are that Dr Brewer, member of the board of Deutsche Bank, is on public record as stating that there is a need for a



FOREIGN AFFAIRS

Form is no substitute for substance

ALTHOUGH mostly too polite to say so publicly, the Japanese community in London was palpably disappointed by what it saw as the underlining reception accorded to Mr Noboru Takeshita, Japan's Prime Minister, on his visit to London earlier this month. Discontent was particularly focused on the paucity of press and television coverage. There had been a number of 'curtain-raisers' before Mr Takeshita arrived, the Prime Minister siding with this process by talking, albeit vaguely, to British correspondents in Tokyo. But it is undeniable that the substantive reporting of his actual visit was pretty meagre. Indeed, in terms of column inches, the opening in London of the new Japanese film 'Samurai', described as the 'first good western', was rated more important than his speech at the Mansion House, during which he outlined what his advisers considered were distinctive departures in Japanese external policy. There is merit in the Japanese complaint. Although improving in quality and range all the time, general reporting from Japan does not thrust itself into the media consciousness in the UK as much as that from the US or from the major European nations. The reverse is not true, as reflected by the fact that there are around 50 Japanese staff correspondents resident in London, five times the British journalistic representation in Tokyo. The high cost of living in Tokyo only partly explains the discrepancy. More fundamental is surely the fact that policy makers and opinion framers in the leading Western nations have only recently become accustomed to the idea, and still not necessarily the practice, of taking Japanese views and policies into account. Japan had abated this state of affairs for much of the post-Second World War period by its diffidence in expressing opinions. There have been recent exceptions, mostly in international economic and monetary deliberations but specifically in the discussions leading up to the INF treaty, which eventually encompassed the status of Soviet SS-20 missiles threatening Japan. But these are not yet sufficient in number to prove a role. There are also differences in perception about the purpose of 'diplomacy'. The Japanese, like other Asian nations, place great store by the formality of high-level government visits. Mr Shintaro Abe, who spent four years as Foreign Minister under Mr Yasuhiro Nakasone, wrote a book, entitled Quiet Diplomacy, which in reality consisted of little more than a listing of all the places he had visited. The Japanese themselves really do roll out the red carpet for visiting foreign VIPs, including extensive media coverage. The substance may be

definitely declining and that a new relationship with Europe, and particularly with its strongest leader, Mrs Thatcher, was not only desirable but necessary. On the British side, too, there has been ample evidence of a rethink of policies towards Japan. Although there is occasional backsliding, such as with the recent freezing of the applications of two Japanese securities firms to deal in UK gilts, there seemed to be a general determination to free the relationship of its fixation on narrow sectoral issues. In an off-the-record lunch with an Anglo-Japanese group at the start of this year, Mrs Thatcher herself had encouraged Japan to adopt bolder and more broad-based policies. She had compared Japan's position today with that of mercantilist Britain in the 18th and 19th centuries, actively engaged in buying assets round the world at the most advantageous price and maximising returns on the investments. It was, one listener recalls, an

Jurek Martin examines why Mr Takeshita's recent visit to London made so little impact

frank talk which Japan said it wanted and the UK seemed to have been soliciting. Mr Takeshita's speech at the Mansion House, for example, did touch all three of the supposedly new pillars of Japanese foreign policy - international economic policies, security issues, and cultural exchanges. Yet it made no mention of Japan's reassessment of US capabilities and very little of what Japan wanted in a new relationship with the European Community, beyond the obligatory plug that its borders not be too closed to external suppliers. Indeed the speech itself focused on the last of the three pillars, and it is safe to say that if there is a subject with minimal appeal to this British government, given the axe it has taken to the British Community, then it is cultural exchanges. There is an official Japanese excuse for this: that Mr Takeshita will expound on international economic issues next month's Toronto economics summit and on security matters at the United

Nations Disarmament Conference later in the year. But this very deliberate programming only serves to underline the Japanese emphasis on form over substance and opportunity. It also renders suspect the Japanese claim that the Takeshita government is embarked on radically different policies from that of its predecessor. It is one thing to say unambiguously, as Japanese officials do, that there is a difference - that Mr Nakasone's emphasis on the American connection is in the process of major modification - and quite another to decline to say the same thing in public. It also undermines other claims of new policy departures: the Japanese government is saying that it is Mr Takeshita who has elevated foreign aid to a new level of importance in Japanese priorities. Yet it was the Nakasone government which, in four of its five budgets, significantly increased spending on aid, at a time when the yen was lower than it is now and when the arguments in favour of domestic budgetary austerity were much stronger in Tokyo than they are today. It is natural that Mr Takeshita should want to be seen to be different from Mr Nakasone, but not quite to the point of distorting the record so blatantly. But that part of Mr Takeshita's visit which was in the public domain suggests that the Japanese delegation did not take the opportunity for the sort of

London Zoo's record is not a good one. From Mr Ian S. Macphail. Sir, The announcement by the Government that it is giving a £10m grant 'to revamp the run-down London Zoo' is a matter of public concern. We are informed that since 1983 the London Zoo has received an annual grant of £4m. This total of £20m was presumably given to 'turn the commercial side back into profit.' The managers of the London Zoo have clearly failed to do this. What evidence is there that a further injection of £10m is going to improve matters? The financial consultant's report states that the Zoo lacks marketing and management expertise. What assurance has the public that some zoo whizzkid from the US is going to improve this lamentable state of affairs? The tax payer has a right to know why £30m is being spent on public entertainment. Why was London Zoo chosen for this bonanza? There are other zoos in the UK which are commercially profitable, better run and with a much better display of animals. There was once an argument that responsible zoos, with good breeding records, could play a 'Nash's Ark' role in the conservation of our planet's diminishing wildlife. The record there is poor. There was an argument that zoos had an educational function to perform, but the television programmes presented by Sir David Attenborough refute this; children see wildlife devoid of bars and concrete. What makes London Zoo so different from other commercial failures in the motor industry, shipbuilding industry, steel industry, aircraft industry, and so on? Ian Macphail, 35 Boundary Road, St Johns Wood, NW8



Change and decay. From Mr R. Neal. Sir, When visiting the Burgundy town of Beaune recently I decided to supplement my stock of French francs as the weekend approached. I entered the Crédit Lyonnais bank branch in Place Monge, where the exchange rate of the pound was shown as 10.40FF, and changed a £10 note. The amount I received was 80FF. The bank apparently felt obliged to charge a commission of 24FF for handling this difficult transaction, involving an obscure foreign note. This is one of the benefits of European Community membership? R. Neal, 14 Cranbury Drive, Emsay Green, Reading, Berkshire

Smoking is a different matter. From Mr Michael D. Horst. Sir, The latest US surgeon-general's report on smoking (FT report, May 17), comparing tobacco with hard drugs, is lacking in both scientific objectivity and common sense. The conclusions reached by the report are simply not supported by the facts. Millions of people quit smoking every year. Over 85 per cent of those who quit do so without the help of any organised cessation programme. Many people smoke on only social occasions. Others significantly reduce their intake over time. None of these indicators is compatible with the surgeon-general's conclusions. Nor are these conclusions acceptable to anyone familiar with the tragic disruption of social, family and professional life frequently seen among those who use cocaine or heroin. The surgeon-general's trivialisation of America's serious drug problem, via a gratuitous comparison with tobacco is unwarranted, unjustified and irresponsible. Michael D. Horst, Vice President, Philip Morris EEC Region, 4 Brillancourt, CH-1001, Lausanne, Switzerland

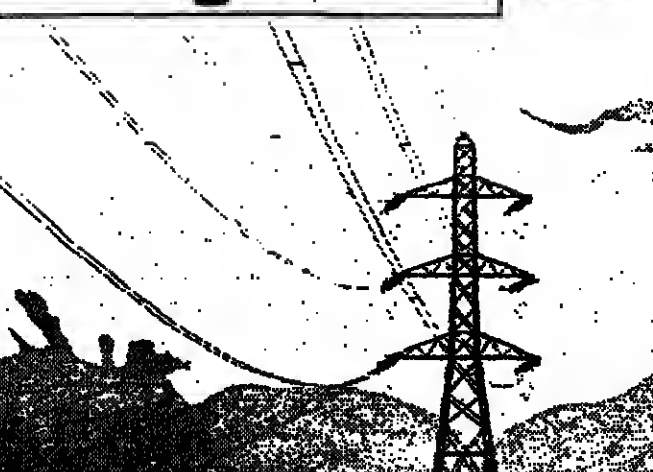
Scots Tories could revive

There is a need for a European rating agency. From Mr David Bushon. Sir, Stephen Fidler's article 'On the Importance of Ratings in the Euromarkets' (May 17) addresses the role of the Securities Association (S.A.) and in particular the criteria for the inclusion of 'relevant agencies.' It is my firm belief that he does scant justice to the newest arrival - EuroRatings. For the record, we were informed on May 5 that EuroRatings has been accepted by the S.A. as technically fully capable of rating all debt issued in the Euromarkets. The only matter outstanding is that of developing usage by practitioners and this will be achieved over a period of time. If it is age rather than quality which is of concern, it is hardly surprising since our age is measured in months rather than decades. Since our launch in March 1987 we have rated almost 140 issuers in all sectors of the Euromarkets. The recent moves by US agencies to Europe could be construed as a defensive measure in response to our success. The facts are that Dr Brewer, member of the board of Deutsche Bank, is on public record as stating that there is a need for a

There is a need for a European rating agency

usage by practitioners and this will be achieved over a period of time. If it is age rather than quality which is of concern, it is hardly surprising since our age is measured in months rather than decades. Since our launch in March 1987 we have rated almost 140 issuers in all sectors of the Euromarkets. The recent moves by US agencies to Europe could be construed as a defensive measure in response to our success. The facts are that Dr Brewer, member of the board of Deutsche Bank, is on public record as stating that there is a need for a

Ferranti International. Technology ready to manage Britain's energy transmission.



Ferranti International has over 20 years experience as a supplier of a wide range of energy management systems. As one of the biggest system contractors in the world, the company offers design and project management skills and systems capability that are second to none. Cutting, engineering, electrical, construction, integral part of our approach with project support containing the following services for over two decades: A long term investment strategy has also ensured the company retains its leading edge position in energy management technology. Today's state-of-the-art systems deliver distributed processing, advanced colour graphics, fully relational databases and up and running applications software packages. For energy transmission system management it means sophisticated yet cost effective performance, flexible input flexibility, and ease of operation. It all adds up to confidence and low risk implementation. Ferranti International, energy management technology to take Britain's energy transmission into the next century. Ferranti Computer Systems Limited, Shepperton, Middlesex, UK. Tel: 061-499 3355. Telex: 668084 FERWYH-C.

Ferranti International. Technology ready to manage Britain's energy transmission.

There is a need for a European rating agency. From Mr David Bushon. Sir, Stephen Fidler's article 'On the Importance of Ratings in the Euromarkets' (May 17) addresses the role of the Securities Association (S.A.) and in particular the criteria for the inclusion of 'relevant agencies.' It is my firm belief that he does scant justice to the newest arrival - EuroRatings. For the record, we were informed on May 5 that EuroRatings has been accepted by the S.A. as technically fully capable of rating all debt issued in the Euromarkets. The only matter outstanding is that of developing usage by practitioners and this will be achieved over a period of time. If it is age rather than quality which is of concern, it is hardly surprising since our age is measured in months rather than decades. Since our launch in March 1987 we have rated almost 140 issuers in all sectors of the Euromarkets. The recent moves by US agencies to Europe could be construed as a defensive measure in response to our success. The facts are that Dr Brewer, member of the board of Deutsche Bank, is on public record as stating that there is a need for a

There is a need for a European rating agency. From Mr David Bushon. Sir, Stephen Fidler's article 'On the Importance of Ratings in the Euromarkets' (May 17) addresses the role of the Securities Association (S.A.) and in particular the criteria for the inclusion of 'relevant agencies.' It is my firm belief that he does scant justice to the newest arrival - EuroRatings. For the record, we were informed on May 5 that EuroRatings has been accepted by the S.A. as technically fully capable of rating all debt issued in the Euromarkets. The only matter outstanding is that of developing usage by practitioners and this will be achieved over a period of time. If it is age rather than quality which is of concern, it is hardly surprising since our age is measured in months rather than decades. Since our launch in March 1987 we have rated almost 140 issuers in all sectors of the Euromarkets. The recent moves by US agencies to Europe could be construed as a defensive measure in response to our success. The facts are that Dr Brewer, member of the board of Deutsche Bank, is on public record as stating that there is a need for a

0845 22444
ICL
OFFICE SYSTEMS

TROLLOPE & COLLS
 CITY
 REFURBISHMENT - FITTING OUT
 MAINTENANCE
 01-377 2500

Andrew Fisher in Frankfurt tracks the D-Mark's history, from uneasy birth to powerful middle age

West German currency still fit at forty

Forty years ago, dockers at Bremerhaven unloaded an unusual cargo. It consisted not of much-needed food supplies, clothing, or vital industrial materials, but of pieces of paper. These were the first D-Marks, printed in Washington and shipped across the Atlantic for the currency reform which was to help start West Germany on the road to a period of astonishing prosperity.

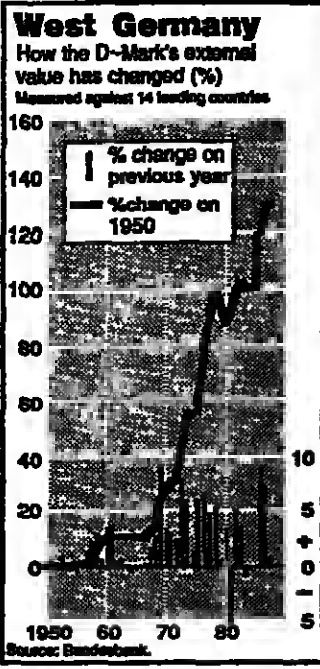
Although the D-Mark is now one of the strongest currencies in the world, it did not have an easy birth.

"The initial conditions were highly unfavourable. Up to Day X, the day of the currency reform of June 20 1948, production was depressed, people were starving and the lack of urban housing was catastrophic.

Those heartfelt words are not those of a historian or an eyewitness. They are in the latest monthly report of the Bundesbank, which documents the progress of the D-Mark in the post-war decades, while also giving a little homily on the virtues of monetary stability, consistency, and integrity.

At a time when Europe's monetary future is being intensely debated, the 40th anniversary of the D-Mark gives the central bank a useful opportunity for a history lesson. It is clearly aimed at those who do not share the oft-stated view of Mr Karl Otto Pöhl, president of the Bundesbank, and his colleagues, that progress towards European monetary integration, with a joint currency and a central bank, should not be at the expense of financial stability and independence from politicians.

The Bundesbank's message is unequivocal, backed by the cur-



Cashing up: a shopkeeper in the 1920s when hyperinflation made German money worth little

rency's record and its anchor-like position in the nine year old European Monetary System. Monetary and financial policies in Europe should be harmonised even more closely in the direction of steady and inflation-free economic growth, it says. "In the final phase of this development, good national money like the D-Mark should only be exchanged for equally good European money."

To non-Germans, that may smack of arrogance. But to Germans who remember what their currency has been through

this century, and to many who do not, stability is paramount. And now that the D-Mark is reaching middle age, the Bundesbank can direct observers' attention back over four decades of mostly successful attempts to keep prices stable, promote economic progress and ward off politicians' attempts to interfere.

Since 1948, the D-Mark has risen by 130 per cent against the currencies of 14 leading industrial countries. Inflation has averaged just 2.8 per cent a year. Against the dollar, the West Ger-

man currency has risen to a present level of around DM 1.70 from DM 4.20 in 1948. In world foreign exchange reserves, it has second place; some 14 per cent (DM12trn) is held in D-Marks, against 7 per cent in dollars and 6.5 per cent in yen.

The first wave of speculation came as early as 1857, by which time the West German "economic miracle" was well on its way.

In 1960, the living standard of the average West German worker was two-thirds higher than in

1950. Inflation, at a peak of 11 per cent at the end of 1951, had come right down, while the current account had moved into surplus that year. To help achieve this, the Bank Deutscher Länder (predecessor of the Bundesbank) had put up interest rates in 1950, annoying Chancellor Konrad Adenauer.

The first actual revaluation of the D-Mark occurred in 1961, with the dollar falling to DM4. By then, as the Bundesbank notes, it had become clear that internal monetary stability and exchange rate stability were incompatible over the long term. The advent of floating rates in the early 1970s and the later formation of the EMS has meant that revaluation speculation concentrates on the D-Mark's value against neighbouring currencies; it has no fixed point against the dollar.

The worst time for the D-Mark was at the turn of the 1960s, just after the second oil price shock and at a time when the current account slid into deficit. In 1970-81, the currency lost nearly 15 per cent of its real value. That was when Mr Pöhl took over, acting to restore stability by tightening credit and thus braving the wrath of Chancellor Helmut Schmidt.

Today, the Bundesbank can speak from strength. The D-Mark is again powerful and the economy strong, although growth has eased. Thus, it says, not without a little smugness: "Forty years of monetary policy in the Federal Republic of Germany, from economic standstill to the present world importance of the currency, provide a wealth of experience that should be used in the development of a unified currency area in Europe."

THE LEX COLUMN

The hot money heads south

Britain is not the only English-speaking country which has been having problems with currency speculators recently. Australia, which only a few months ago seemed to be one of the biggest casualties of last October's stock market crash, has re-emerged as one of the most attractive havens for the world's hot money flows, and its renaissance says a lot about the current priorities and concerns of global investors.

Like sterling, only more so, the Australian dollar is benefiting from the relative calm which has descended on the US currency recently. In this environment, investors tend to gravitate towards currencies offering relatively high interest rates, and yields of around 12 per cent on 10-year Australian paper look alluring, especially if there is any hint of currency appreciation.

The tight fiscal policies of a local administration, which is likely to underline its decidedly conservative stance in its May economic statement tomorrow, has also clearly contributed to the recent strength of the Australian currency.

However, the key factor in the currency's 12 1/2 per cent rise over the last four months is the switch of worldwide investor concerns away from recession and towards inflation. Australia's position as one of the world's foremost producers of base metals has not been lost on the currency markets, and while the currency factor is the main reason why the local stock market is up by a fifth this year, the local worry now is that the firmness of the local currency will begin to hit corporate profits. Fortunately, this is not something that need worry the foreign exchange markets.



able to the underlying business are on a fairly ludicrous multiple of 3.2. This makes it difficult to avoid the conclusion that just about any acquisition would lift the share price - exactly what happened when ABF bid for Berisford in 1987, the last time the stock has risen substantially relative to the market. But though Mr Weston clearly still likes the look of British Sugar he remains decidedly unenthusiastic about the rest of Berisford, and cannot touch it for six months more in any case. And so soon after getting shot of Fine Fare, he is unlikely to want any more of Dea than he is already stuck with.

Yesterday's annual results showed that earnings per share - even before an extraordinary debit of £27.6m, largely for writing down the Dea holding - had done almost exactly nothing between last year and this. Next year should look better, but probably not good enough to get the shares out of their current lethargy.

also explain the latter's success, and Barclays may congratulate itself on having earned £22m or so on underwriting fees, and a further £10m on paying a maintained dividend on shares issued at a traditional discount. Indeed, the benefits from raising money this way - especially in markets that are still so uncomfortable about underwriting - are so obvious that it is hard to see why companies bother with conventional issues at all. The usual grumble that deep discount issues may inflict a CUT liability on private investors who do not wish to take up rights is surely a reason for something out of the wrinkles in tax law, not for redrawing money in a more expensive fashion. It may be no coincidence that the banks - which understand best how the underwriting system works - are the keenest to make issues that dispense with it altogether.

GLAXO

In choosing a career merchant banker as its new finance director, Glaxo may well have reflected that its relations with the City need all the help they can get. Its shares are at a five year post-crash low of £2.00, having peaked last summer at £12.50. Part of the problem could lie with the chairman, who - perhaps yesterday - sees the market's wariness as having no relevance to the longer term, and is at little pains to disguise the fact. Some short-term diplomacy would help, and having advised Glaxo for more than twenty years, Mr John Hignett ought to be qualified to supply it.

The real question is whether Glaxo belongs in the ICI or the GEC category; that is, whether the market sees it as a solid but unflashy overseas carrier, like ICI, or as an exhausted glaucous stock like GEC. Its rating is now at around the market average, which in the short term is a reasonable reflection of the average growth expected over the next year or two. Admirers of the company argue that the growth rate will accelerate again in the 1990s, and that the market is therefore guilty of short-sightedness. It is certainly not making that mistake with Wellcome, whose P/E is three times Glaxo's; but Wellcome's Aids treatment, though scarcely contributing to profits, is at least on the market, while Glaxo's promised successor to Zantac are still a year or two away. Mr Hignett will have a job to do in the interim.

Barclays

All the market's complaints about the largest and perhaps least necessary rights issue in history have come to nothing. Not only was Barclays' issue almost entirely taken up, but the adjusted market price is only a couple of pence lower than when the issue was announced, since when the market has barely moved. The reason may be Barclays' stupendous efforts to convince shareholders their money will be well spent. More likely, though, it is a reflection of institutional inertia: it is easier to pay up than to start interfering with management, especially when the company in question is a blue chip yielding almost 7 per cent.

The size of the discount may

ABF

Whatever the market thinks of his company's shares, Garry Weston is not going to be rushed into doing something foolish with the nearly £1bn in cash and near-cash built up by the Weston family over the past 30 years. Just at the moment, though, the market would seem to prefer that he did anything at all with it rather than park huge amounts in gilts for another year - especially if much of that year is going to be spent with interest rates in the doldrums.

Indeed, if one strips out the cash and ABF's substantial holdings in S&W Berisford and Dea Corporation, the earnings attrib-

This announcement appears as a matter of record only. May 1988

STOREBRAND FINANS

£50,000,000
 Revolving Credit Facility

for
STOREBRAND FINANS MORTGAGES LIMITED

Guaranteed by
STOREBRAND A/S

Arranged by
COUNTY NATWEST

Participating Banks

The Bank of Tokyo, Ltd. Bergen Bank, London Branch
 County NatWest Limited Deutsche Bank Aktiengesellschaft
 London Branch
 The Mitsubishi Bank, Limited Société Générale, London Branch
 Union Bank of Finland International S.A. Union Bank of Switzerland, Zurich
 S.F.E. Bank Limited Kansallis Banking Group

Facility Agent
NatWest Investment Bank Limited

© The NatWest Investment Bank Group

Nicaragua extends ceasefire

The Nicaraguan government announced yesterday it was unilaterally extending a seven-week-old truce to allow more time for continuing peace talks with US-backed Contra rebels, Reuters reports from Managua.

"Nicaragua has decided unilaterally to extend for one more month the halt in offensive military operations... to give space for negotiations to continue," President Daniel Ortega told a news conference.

A 60-day ceasefire has been in effect since April 1. The truce, which was to expire next Monday, was the result of a preliminary peace agreement signed at the southern border village of Sapoa on March 23.

President Ortega said the site of a new round of top-level talks with the rebels for working towards a lasting peace had not been settled, although each side had agreed the meeting should start on Wednesday.

He said the Government was insisting that the latest meeting be held in Managua.

UK Government wins tax vote

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISH Government's proposed community charge or poll tax last night sailed through the House of Lords by a majority of 134 as City of London boardrooms and stately homes scoured to produce the second highest turnout ever in the upper house.

The result means that what Mrs Margaret Thatcher, the Prime Minister, has called the flagship of her legislative programme is likely to become law later this summer with the basic principle intact of a flat-rate charge to be paid by all adults in place of domestic rates.

The vote was on an amendment proposed by Conservative peer Lord Chelwood that the Government should think again and come back with proposals based on ability-to-pay.

The size of the majority - 317 votes to 183 - and the high turnout startled peers and the many watching ministers and MPs. Lord Belstead, the leader of the Lords, slapped the frontbench and shouted in delight at the result.

However, Lord Cledwyn, the Labour leader, later reacted angrily and said the Conservative

whips' summons to dozens of hereditary peers who had never voted before called into question again the composition of the Lords.

Mr Neil Kinnock, the Labour leader, said, "rarely has so much been taken from so many by so few so unjustly."

Some Conservative peers and ministers afterwards wondered whether the outcome might not have been an overkill which could produce a reaction with the opposition keen to amend the Government over later aspects of the local government finance bill and other bills. It is possible that the Government will face pressure on amendments to exempt groups such as student nurses from the charge.

The turnout of 500 peers was only nine short of the record set on the vote on the principle of entry to the European Community in 1971. It reflected the impact both of appeals to honour manifesto commitments by Mrs Thatcher and other ministers and of the activity of Tory whips under Lord Deelman, a political thriller writer in his spare time.

He said that as "a passionate believer in the Lords" he urged peers not to risk a head-on collision with the elected chamber.

The House was packed throughout the three hour debate with peers summoned early from the City of London and country. The bishops in their robes sat alongside tweed-suited peers, including one wearing a scarlet waistcoat. Several peers had to sit on the steps of the throne.

The Government was concerned to secure a clear majority in the Lords since, if the amendment had been carried, there might have been problems in the Commons overturning the result. This was because there was a majority of only 25 last month when a parallel attempt was made by MPs to modify the flat-rate principle.

While a Government victory was in little doubt after the early signs of a high turnout, a key role was played by Lord White-law in his first major intervention since resigning as leader of the Lords in January through ill-health. He argued that passing the amendment would change the whole nature of the bill.

He said that as "a passionate believer in the Lords" he urged peers not to risk a head-on collision with the elected chamber.

Beirut troop deployment delayed

By Nora Boustany in Beirut

NEW smags have arisen to delay further the deployment of a Syrian disengagement force between warring Shia Moslem militias in Beirut, complicating contacts between Syria and Iran and continuing the plight of hundreds of homeless families from southern Slims.

Refugees waiting for the battles to subside flocked to the safer parts of Syrian-controlled West Beirut, some sleeping in their cars, others in the open air along the waterfront area near the Manara lighthouse.

Iranian delegates and representatives of their surrogate, the Hizbollah (Party of God) have insisted on the inclusion of Iranians in any joint security force. Both Syria and the moderate Amal militia have objected to the proposal.

Syria has hinted that the entry of its soldiers into the embattled suburbs would bring the ordeal of foreign hostages believed held there by Iranian-backed groups to its conclusion.

Australia's mini-budget route to economic health

Continued from Page 1

spending decisions, the Government starts the new financial year with a surplus estimated by economists at A\$2.5bn-3bn.

Mr Hawke and Mr Keating have already boosted this figure further by ordering A\$650m in cuts to state government funding this month. The states also lost another A\$550m off their borrowing limits.

Though further federal expenditure reductions and asset sales are likely tomorrow, they will not compare with last May's tough mini-budget. But because of state and public enterprise spending, tightness remains the order of the day.

The idea is to further reduce the net public sector borrowing requirement from its improved level of 2 per cent of gross domestic product. As Mr Keating told the state premiers, the Government has to "get its hands out of the savings jar" to encourage private sector export-oriented investment and curb foreign borrowings.

The big worry at the moment is that the slow but sure improvement in what he calls "the Big Picture" - the current account deficit and external debt - might be undermined by the Australian economy's recent unexpected expansion.

Improvements in commodity prices over recent months, despite the October share-market crash, will certainly bring the current account beneath the A\$11.4bn deficit projected in last September's budget. But at close to 4 per cent of GDP the figure remains too high.

Likewise, gross external debt, though approaching a plateau at A\$112bn last December, is still too high at more than 40 per cent of GDP.

Domestically, real GDP growth in 1987-88 has far exceeded the 2.75 per cent predicted last September, perhaps reaching 3.5 per cent. Much of this is due to overhyped private consumption and public sector spending rather than

exports or productive investment.

Worse, the combination of better commodity prices and the Government's need to maintain a tight monetary policy to dampen domestic demand has made the Australian dollar extremely attractive to foreign investors.

Yesterday the currency strengthened to 57.4 on a trade-weighted basis (May 1970-100), sharply higher than the 51.0 level it reached amid post-crash fears of a world recession. As a result, exporters and import-competing businesses cannot expect to repeat the gain in competitive advantage seen with the depreciations of 1985 and 1988.

To the Government's credit, recognition of this has driven it, since being re-elected last June to a historic third term, to pursue a programme of micro-economic reforms.

Mr Keating makes no bones about the objective: it is nothing less than Australia regain-

ing its "economic sovereignty." The idea is to remove the country's vulnerability by making it permanently competitive internationally.

While identifying what needs to be done is relatively easy, the heavier and more political battle is something else.

Last week, after a protracted Labor Party war, the Government backed down on privatisation plans unveiled by Mr Hawke last August. A victory for narrow ideology over pragmatic reformism, it will hurt such capital-starved state agencies as Qantas, Australian Airlines and the Commonwealth Bank.

One feature of tomorrow's mini-budget is expected to be a reform of corporate taxation. A reduction is anticipated in the 49 per cent rate of corporate income tax, paid for with the removal of concessions.

How big the cut will be is a delicate calculation, because the corporate tax rate is linked to the rate of fringe benefits

tax paid by employers and, more importantly, to the top rate of personal income tax.

Whatever emerges, no one doubts that it will be the product of public and private battles between ministers, among bureaucrats, within the party and against pressure groups.

Unpopular measures, nevertheless, remain necessary. So at the end of the day Mr Hawke and Mr Keating will be judged by their own pledge of "restraint with equity" and the way they sell their measures to disaffected traditional Labor voters.

The next three months are undoubtedly a test of Labor's resolve. Its aim is to deliver a more streamlined economy and lower taxes next year just as it prepares to face the electorate and the opposition parties.

Mr Hawke, if he wished, could then bow out of politics, leaving the way open to his heir apparent: budget bearer Mr Paul Keating. But it remains a tall order.

WORLD WEATHER

Location	Temp	Wind	Cloud	Precip	Humid	Visib
Amsterdam	10	10	10	10	10	10
London	12	12	12	12	12	12
Paris	14	14	14	14	14	14
Rome	16	16	16	16	16	16
Moscow	18	18	18	18	18	18
Delhi	20	20	20	20	20	20
Calcutta	22	22	22	22	22	22
Bombay	24	24	24	24	24	24
Madras	26	26	26	26	26	26
Colombo	28	28	28	28	28	28
Perth	30	30	30	30	30	30
Sydney	32	32	32	32	32	32
Melbourne	34	34	34	34	34	34
Auckland	36	36	36	36	36	36
Wellington	38	38	38	38	38	38
Hong Kong	40	40	40	40	40	40
Manila	42	42	42	42	42	42
Seoul	44	44	44	44	44	44
Tokyo	46	46	46	46	46	46
Beijing	48	48	48	48	48	48
Washington	50	50	50	50	50	50
New York	52	52	52	52	52	52
Los Angeles	54	54	54	54	54	54
San Francisco	56	56	56	56	56	56
Chicago	58	58	58	58	58	58
London	60	60	60	60	60	60
Paris	62	62	62	62	62	62
Rome	64	64	64	64	64	64
Moscow	66	66	66	66	66	66
Delhi	68	68	68	68	68	68
Calcutta	70	70	70	70	70	70
Bombay	72	72	72	72	72	72
Madras	74	74	74	74	74	74
Colombo	76	76	76	76	76	76
Perth	78	78	78	78	78	78
Sydney	80	80	80	80	80	80
Melbourne	82	82	82	82	82	82
Auckland	84	84	84	84	84	84
Wellington	86	86	86	86	86	86
Hong Kong	88	88	88	88	88	88
Manila	90	90	90	90	90	90
Seoul	92	92	92	92	92	92
Tokyo	94	94	94	94	94	94
Beijing	96	96	96	96	96	96
Washington	98	98	98	98	98	98
New York	100	100	100	100	100	100
Los Angeles	102	102	102	102	102	102
San Francisco	104	104	104	104	104	104
Chicago	106	106	106	106	106	106
London	108	108	108	108	108	108
Paris	110	110	110	110	110	110
Rome	112	112	112	112	112	112
Moscow	114	114	114	114	114	114
Delhi	116	116	116	116	116	116
Calcutta	118	118	118	118	118	118
Bombay	120	120	120	120	120	120
Madras	122	122	122	122	122	122
Colombo	124	124	124	124	124	124
Perth	126	126	126	126	126	126
Sydney	128	128	128	128	128	128
Melbourne	130	130	130	130	130	130
Auckland	132	132	132	132	132	132
Wellington	134	134	134	134	134	134
Hong Kong	136	136	136	136	136	136
Manila	138	138	138	138	138	138
Seoul	140	140	140	140	140	140
Tokyo	142	142	142	142	142	142
Beijing	144	144	144	144	144	144
Washington	146	146	146	146	146	146
New York	148	148	148	148	148	148
Los Angeles	150	150	150	150	150	150
San Francisco	152	152	152	152	152	152
Chicago	154	154	154	154	154	154
London	156	156	156	156	156	156
Paris	158	158	158	158	158	158
Rome	160	160	160	160	160	160
Moscow	162	162	162	162	162	162
Delhi	164	164	164	164	164	164
Calcutta	166	166	166	166	166	166
Bombay	168	168	168	168	168	168
Madras	170	170	170	170	170	170
Colombo	172	172	172	172	172	172
Perth	174	174	174	174	174	174
Sydney	176	176	176	176	176	176
Melbourne	178	178	178	178	178	178
Auckland	180	180	180	180	180	180
Wellington	182	182				

SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday May 24 1988



Maxxam wins KaiserTech bid battle in \$880m deal

BY LOUISE KEHOE IN SAN FRANCISCO

MAXXAM GROUP, an investment group led by Houston financier Mr. Charles Hurwitz, is to take over KaiserTech, the US aluminium manufacturer, in a deal worth about \$880m.

Subject to the approval of two-thirds of KaiserTech shareholders, which will be sought at a special shareholders meeting, Maxxam will pay \$19.375 per share for about 38m common shares of KaiserTech.

Mr. Clore had proposed to nominate representatives of Maxxam. Voting on the nominations, which had been scheduled to take place at a shareholders meeting on Friday will now be postponed.

Montedison close to deal with Enichem

By Alan Friedman in Milan

AN INITIAL agreement to proceed with the much vaunted merger between Enichem, Italy's state-owned chemical company, and a substantial part of the privately owned Montedison group appeared to be near yesterday.

Alice Rawsthorn looks at a US sports shoe maker's changing strategy Reebok takes steps to widen its base

IT WAS in the early 1980s when fitness fanatics flocked to hear Jane Fonda lookalikes shout "Stretch!" in aerobics classes across the US that a sports shoe company called Reebok first came to the fore.

	1985	1986	1987
Reebok	14	22	32
Nike	30	20	19
Converse	9	8	8
Adidas	7	6	6
Avia*	1	2	3
New Balance	-	3	2
Puma	6	5	5
TOTAL	\$2.2bn	\$2.7bn	\$3.1bn

* Acquired by Reebok in 1987.

Source: Kleinwort Greaves Securities

There is little scope for further growth within its original niche of the US market and the company needs to nurture new markets in order to maintain momentum.

"We have to look at the world in a realistic way," said Mr. Joseph LaBonte, president and chief operating officer. "We have experienced spectacular growth from one line of product, but that growth cannot continue forever."

Reebok, in which Pentland Industries of the UK holds a 32 per cent stake, traces its origins to the English footwear industry in the 1880s, when the original running shoe was made in Lancashire.

THE MYSTERY sutor for Harris Queensway, the UK furniture, carpets and home furnishings retailer, is an unspecified consortium which would launch a leveraged bid - that is, one financed by bank loans.

Harris to the London Stock Exchange yesterday. The group said that although discussions were continuing, the outcome was unlikely to be known for about another four weeks.

Higher to 17p. In the absence of further news they have since fallen back, and yesterday gained only 3p to 148p, capitalising the company at \$336m.

Great Universal Stores, owns 23.4 per cent of the company's shares

Western Union to take \$603m quarter charge

By Roderick Oram in New York

WESTERN UNION, the US communications group, has taken a \$603m first-quarter charge for a restructuring plan devised by a group of investors who rescued it late last year.

The plan "will help reduce the burden of fixed costs," Mr. Robert Amman, president, said.

Losses from first-quarter operations rose to \$22m from \$18m a year earlier. The full loss after charges and preferred stock dividends was \$638.5m or \$15.97 a share, compared with \$25.1m or \$1.03 a year earlier.

USG claims Desert proxy fight victory

BY DEBORAH HARGREAVES IN CHICAGO

USG, the Chicago-based building products firm, claimed victory yesterday in its proxy contest against Desert Partners, a Texas limited partnership that is trying to take over the company.

In a preliminary count of the vote, USG said its slate of six directors received 57 per cent of votes cast at the company's annual general meeting on May 11.

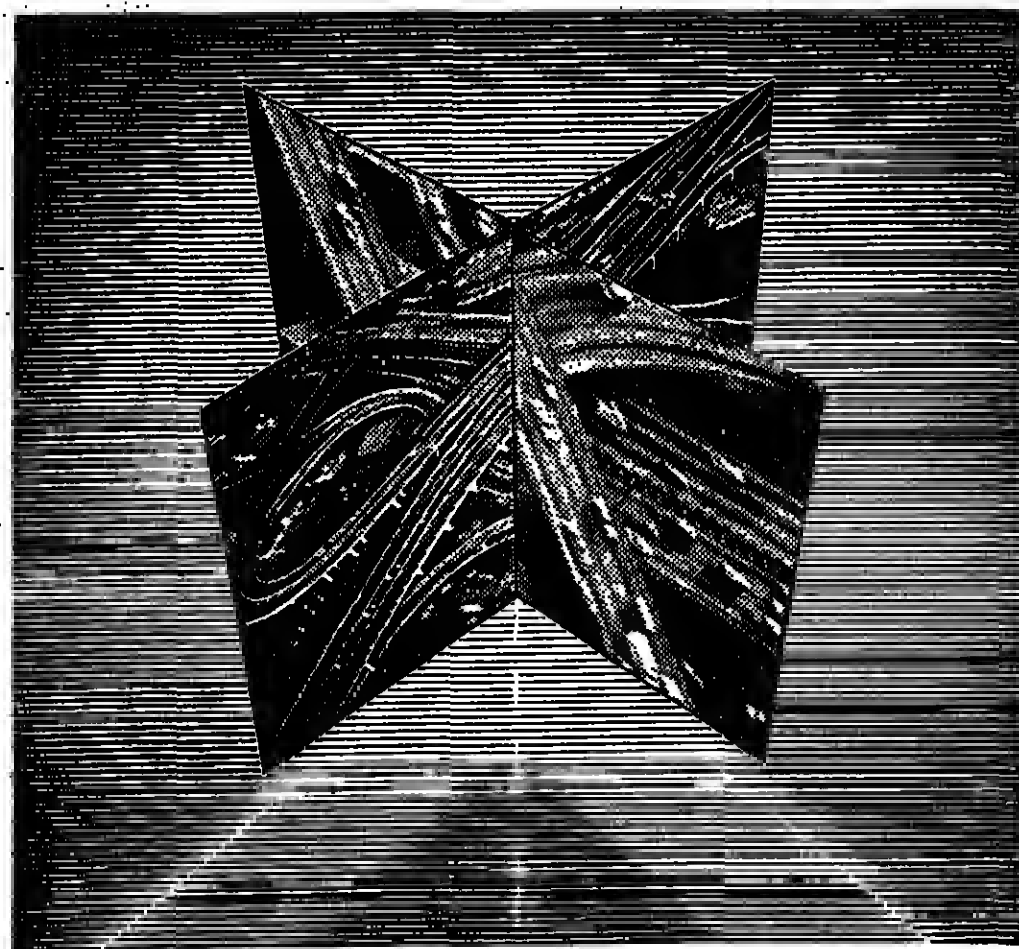
Desert Partners, which is pursuing USG, had tried to turn the proxy contest into a vote on whether management was providing value for shareholders in resisting Desert's hostile bid.

Mr. Day has repeatedly said that USG is not for sale and stressed yesterday that the proxy contest victory is a definite indication of the confidence USG shareholders have in the company's management.

In an effort to deter the raiders, USG management has proposed a "poison pill" recapitalisation of the company, which is due to be voted on at a special shareholders meeting on June 24.

The recapitalisation offers stockholders \$37 in cash for each share along with \$5 in 16 per cent junior subordinated debentures and one share in the recapitalised company.

Trade Finance and the Deutsche Bank Group. Experience that gets the job done.



It calls for in-depth understanding of local customs and laws. It requires detailed knowledge of tax advantages, and the careful identification of potential costs. Finally, it demands a bank with expertise, experience and financial strength.

experience in financing a large portion of Germany's foreign trade to get the job done.

For international trade finance - as well as other commercial and investment banking services - consider using the experience of one of the world's leading banks.

Contact the Deutsche Bank Group office nearest you.

Deutsche Bank



Deutsche Bank AG
Head Office
Taunusanlage 12, P.O. Box 100601
6000 Frankfurt am Main 1
Tel.: (69) 71 60-0

Deutsche Bank AG
London Branch
6, Bishopsgate, P.O. Box 441
London EC2P 2AT
Tel.: (1) 263 46 00

Deutsche Bank AG
New York Branch
9 West 57th Street
New York, NY 10019-2799
Tel.: (212) 940-80 00

Deutsche Bank AG
Tokyo Branch
ARK Mori Building 23F
12-32, Akasaka, 1-chome, Minato-ku
Tokyo 107 Tel.: (3) 589-19 71

OLD NEWS TRAVELS FAST.

THIS YEAR INTERBANK IS CELEBRATING A VERY SPECIAL BIRTHDAY.

Most of you would be quite shocked to find that at one hundred years old we are not only keeping up with all the new steps but inventing a few of our own.

Interbank's century of experience will give you exactly the right kind of service you need when you need it. That's what has made Interbank one of the most profitable wholesale banks in Turkey. There is a profit in Turkey and at Interbank you can bank on it.

INTERBANK 100 YEARS ULUSLARARASI

For more information on Interbank please contact N.A. SHEPPARD, ULUSLARARASI ENDÜSTRİ VE TİCARET BANKASI A.Ş. BÜYÜKDERE CAD. 108, ESENTEPE, İSTANBUL-TURKEY. TEL. (1) 174 20 00 TELEK: 26098 İBGE TR.

INTL. COMPANIES AND FINANCE

Andrew Fisher looks at an industry facing a less certain future

German car makers face rough ride

AS THE prolonged surge in European car sales tails off, West German car makers are pondering several vital questions. How strong will demand be over the next few years? Have their costs become too high? And what will happen if Japanese car sales to Europe are restricted after 1992?

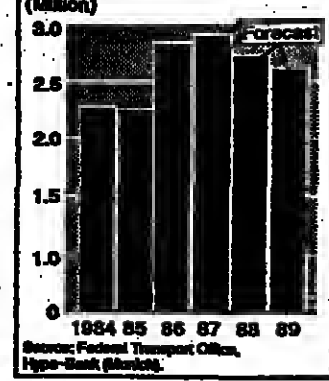
On the first point, there is general agreement that 1988 holds less overall promise for the industry. "After several years of steady growth, the peak of the boom is definitely fading. According to analysts at Bayerische Hypotheken- und Wechsel-Bank, production in Germany should drop by 5 per cent, with a further decline in 1989. Mr Edward Benter, chairman of Daimler-Benz, Mr Eberhard von Kuenheim, chairman of BMW, at the company's annual press conference. But he emphasised that it was still at a high level.

Last year, German car output rose by 1.5 per cent to a record 4.37m units. But this year, the boom is definitely fading. According to analysts at Bayerische Hypotheken- und Wechsel-Bank, production in Germany should drop by 5 per cent, with a further decline in 1989. Mr Edward Benter, chairman of Daimler-Benz, spoke of "the realistic possibility" that both domestic and export sales would go down.

Against this more sombre background, German manufacturers are striving hard to reduce costs. Volkswagen is shedding 3,000 people through natural wastage this year. Well aware of the growing European competition from lower-cost countries like France and Italy - Fiat has just launched the Tipo, not yet on sale in Germany, to rival the popular hatchback - Mr Carl Hahn, VW's chairman, said VW's progress was still not satisfactory when compared with competitors. "We shall, therefore, increase our efforts to achieve a reduction in costs."

Mr John Lawson, European motors analyst with Nomura Research in London, reckons the Tipo will compete stiffly with VW's Golf. "Fiat has put a lot of muscle behind it. They need it to be successful if they are to break out of the Italian market itself."

New Car Registrations in W. Germany



While industry sales will be down this year, Mrs Braun-Reber sees bigger problems in 1989. A second year of declining output will put them all under strain. But as sales growth tails off, the competition at the luxury end of the market is becoming more intriguing. While Daimler is talking of curbing output and VW of reducing employment, BMW is doing neither. Instead, it aims to take on at least 2,000 more people this year and to raise production by around 4 per cent.

"BMW is in a very good position," feels Mr Stephen Reisman, motors analyst at UK stockbroker Phillips and Drew. "It is going into more difficult circumstances, to the US and elsewhere, with a very strong product range." Having brought to its new 7-series at the top of its range late in 1986, BMW recently launched its new mid-range 5-series. Both have turned drivers' heads, putting strong pressure on Daimler, whose new luxury S-class generation will not emerge until 1990.

By then, BMW will have the new version of its smaller 3-series

on the market. Its present 3-series models are benefiting from what Mr Reisman calls the "halo effect" caused by the success of its latest larger models. After a drop in group earnings per share from DM54 to DM43 last year, he estimates a rise in 1988 to DM48 and to DM50 in 1989.

There is no doubt that Daimler has been shaken by the success of the new BMWs, coming at a time of slackening overall sales and in the throes of its diversification programme after buying AEG electronics, MTU engines, and Dornier aerospace. Daimler's truck division is picking up, but some analysts reckon this is not enough to offset problems on the car side, where its smaller Mercedes 190 models have also come under pressure, not least from BMW.

For the first time in 17 years, group earnings per share fell in 1987 to DM66.55 from DM72.50. Mr Reisman foresees a further drop to around DM60 in 1988 and DM55 in 1989. However, Nomura's Mr Lawson is more positive about Daimler's prospects. "There is a lot in the product pipeline, a lot of product action." Daimler has indicated that a new sports car will be out in 1989, followed by the next generation S-class. A facelift of the 190 is also planned. For this year, Mr Lawson expects Daimler earnings of DM68 a share.

Like the rest of the industry, Daimler is concerned about what will happen as Europe moves towards a fully common market in 1992. Germany's car market is open to all, with Japan now accounting for about 15 per cent of sales. The concern is that if barriers are set up, in line with present practice in France, Italy, and the UK, Japanese companies will set up plants inside Europe, though this is less likely in high-cost Germany. Mr Reisman warned about Japanese tendencies in the EC to erect external barriers. "Protectionism," he asserted, "breeds excess capacities."

1987 Financial Highlights

In 1987 two companies joined forces to form one of Norway's largest industrial enterprises.

In their first year Aker and Norcem together achieved -

- * a 35% increase in sales to NOK 13 021 million
- * a 17% increase in income (after financial items) to NOK 474 million
- * a 20% increase in earnings per share to NOK 10.61

During the year, the group continued to expand in its principal areas of business which include the production of cement and heavy building materials, civil engineering and construction, offshore construction and services as well as property development.

The merger with Norema, Scandinavia's largest producer of furnishings and fittings, and the acquisition of Norwegian Contractors, a world leader in offshore concrete structures, are important developments in the group's activities.

In 1988 the group has continued to focus on a greater international involvement in the cement and concrete industry by joint venture acquisitions in the USA and of Castle Cement in the UK.

Now, with a new name, Aker a.s. is going from strength to strength in Norway, the European Community - and the world.



Dynastic holdings control Belgian bourse

BY TIM DICKSON IN BRUSSELS

THE WAY in which dynastic holdings directly control large chunks of Belgium's corporate sector is the subject of a study from the London investment banker, Dillon Read. In the wake of the Société Générale de Belgique bid drama it makes fascinating reading.

The firm - 50 per cent owned by Dillon Read, the New York investment bank, and 50 per cent by Société Générale de Belgique - claims that up to now no-one has put together a detailed analysis of shareholder and board links between the major quoted companies in what traditionally has been a highly secretive market.

According to Dillon's Mr Sebastian Scotney, the exercise is of more than passing academic interest. "We believe that the high priority attached to shareholder control has led to a relative

shortage of new stock which, in turn, is one of the factors behind the consistently good performance of the Belgian stock market," he says.

Scotney points out that a number of factors have contributed to the imbalance of supply and demand on the Brussels bourse. Over the last few years, he says, new liquidity has come from the growing taste for equities - encouraged by the tax incentive savings schemes - but that the supply of new issues has failed to keep pace.

"Family shareholders have been reluctant to dilute their holdings, they have never been prepared to dilute to the extent that control disappears," he explains. But adds that in 1986 and 1987 new share issues as a percentage of the total capitalisation of the Brussels market

amounted to less than 3 per cent. This year's total of BF2.5bn until end March represents only 12.5 per cent of the market's value, a figure well below the European average.

Among the companies with significant family holdings are supermarket group, GB-Inno-BM (41 per cent) and Delhaize (40 per cent), both the subject of hopeful bid speculation in recent weeks; the two chemical groups, Solvay (around 50 per cent including Solvac) and UCB (25 per cent); Bekert (around 50 per cent); and the insurance group, AG (6 per cent).

Other points brought out are the spider-like complexity of companies to and around Groupe Bruxelles Lambert (GBL), the new structure of the second largest insurance company, Royale Belge jointly controlled by GBL

and the French group UAP, and the extraordinarily incestuous links between the three energy utilities, Ebes, Ensy and Intercom. In each case about 50 to 60 per cent of the directors have seats on the other companies' boards.

Dillon Read also spells out some of the differences between Belgian and other European houses - the fact that banks cannot by law hold stakes in industrial and commercial companies, local accounting practices (only holding companies are obliged by the Belgian Banking Commission to produce consolidated accounts), procedures for EGAs and 25 per cent blocking minorities and the system of bearer shares which characterises almost all Belgian companies and which allowed Mr Carlo De Benedetti to build up his initial stake in Société Générale so stealthily.

Lego builds world sales

By Hilary Barnes

LEGO, the Danish toy company famous for its plastic building kits, said worldwide sales increased by 10 per cent last year, including a 25 per cent increase in sales to the US. Total sales of products to consumers increased by 15 per cent. No consolidated group accounts are published but sales by Lego A/S which includes the main Danish operation, the overseas sales company, and the Korean company, but excludes the US, Swiss and German manufacturing units, were virtually unchanged at DKr2.37bn.

Pre-tax profits fell to DKr200m. The Lego group, which is family owned and not listed on any stock market, has a total labour force of 5,950.

MANUFACTURERS HANOVER TRUST COMPANY £75,000,000

Floating Rate Subordinated Capital Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the Interest Period 23rd May 1988 to 22nd August 1988 has been fixed at 7 1/8 per cent per annum. The Coupon Amounts will be £36.19 for the £5,000 denomination and £361.90 for the £50,000 denomination and will be payable on 23rd August 1988 against surrender of Coupon No 15.

Manufacturers Hanover Limited (a Member of the Securities Association) Agent Bank

Halifax Building Society

Floating Rate Loan Notes 1996

For the three month period from 23rd May, 1988 to 23rd August, 1988 the Notes will bear interest at the rate of 7 1/8 per cent per annum. The Coupon amounts will be £36.19 per £5,000 Note and £361.90 per £50,000 Note, payable on 23rd August, 1988.

Morgan Grenfell & Co. Limited Agent Bank

May 24, 1988

The announcement appears as a matter of record only.

LANDESBANK RHEINLAND-PFALZ INTERNATIONAL S.A.

Luxembourg

A\$ 50,000,000

12 1/2% Notes of 1988/1991

Issue Price: 101 5/8% - Interest: 12 1/2% p.a., payable annually in arrears on May 24 - Final Maturity: May 24, 1991 - Denomination: A\$ 1,000 and A\$ 10,000 - Negative Pledge - Listing: Luxembourg Stock Exchange

Landesbank Rheinland-Pfalz - Girozentrale - Westpac Banking Corporation

- ANZ Merchant Bank Limited
- Bank in Liechtenstein (Frankfurt) GmbH
- Barclays de Zoete Wedd Limited
- Bayerische Vereinsbank Aktiengesellschaft
- Commerzbank Aktiengesellschaft
- Daiwa Europe Limited
- Hambros Bank Limited
- Landesbank Schleswig-Holstein Girozentrale
- Morgan Stanley International
- Société Générale
- S.G. Warburg Securities

- Bankers Trust International Limited
- Banque Paribas Capital Markets Limited
- Bayerische Landesbank Girozentrale
- Chase Investment Bank
- County NatWest Limited
- Deutsche Bank Capital Markets Limited
- Hessische Landesbank - Girozentrale - Landesbank Stuttgart Girozentrale
- Norddeutsche Landesbank Girozentrale
- Verins- und Westbank Aktiengesellschaft
- Westdeutsche Landesbank Girozentrale

U.S. \$150,000,000

Chemical New York Corporation

Floating Rate Subordinated Notes Due 1996

Interest Accrual Period 26th February 1988 to 26th May 1988 (inclusive)

Interest Amount per U.S. \$10,000 Note due 6th June 1988 U.S. \$177.40

Credit Suisse First Boston Limited Agent Bank

U.S. \$50,000,000

BANCO ESPRITO SANTO E COMERCIAL DE LISBOA

Floating Rate Certificates of Deposit

Notice is hereby given that the Bank has opted to prepay the Certificates on the Interest Payment Date falling in June 1988 (i.e. 24.6.88) in accordance with Paragraphs 3 and 6 thereof.

By: The Caixa Brasileira de B.A. Agent Bank

May 24, 1988

HMC MORTGAGE NOTES 2 PLC

£175,000,000 Class A £14,000,000 Class B

Mortgage Backed Floating Rate Notes February 2015

For the interest period 23rd May, 1988 to 22nd August, 1988 the Class A Notes will bear interest at 8.0375% per annum. Interest payable on 22nd August, 1988 will amount to £2,020.36 per £100,000 Note.

The Class B Notes will bear interest at 9.0375% per annum. Interest payable on 23rd August, 1988 will amount to £318,040.56 per £14,000,000 principal amount.

Agent Bank: Morgan Guaranty Trust Company of New York London



Barlow Rand Limited

(Incorporated in the Republic of South Africa) (Reg. No. 02/0005505)

Interim results for the six months to 31 March 1988

- * Strong growth by industry and food sectors
- * Earnings per share grow by 31%
- * Interim dividend raised by 30%

	Six months ended 31 March		Change %	Year ended 30 Sept 1987
	1988	1987		
Turnover	9,886.5	6,077.3	23	15,414.6
Operating profit before interest	894.3	686.7	30	1,428.2
Profit before taxation	862.3	636.4	35	1,357.0
Profit after taxation	582.6	422.2	38	935.6
Attributable profit	573.1	434.8	32	900.7
Earnings per share (cents)	172.5	131.6	31	299.5
Dividend per ordinary share (cents)	36.0	30.0	30	100.0

The above results have been prepared in accordance with the partial method of accounting for deferred taxation. Comparative figures for 1987 have been restated accordingly.

Prospects

Trading activity is expected to continue at current levels in the second half and this, together with a stronger performance expected from mining and mineral beneficiation, should result in sustained earnings growth for the full year.

The interim report will be posted to shareholders on or about 1 June 1988. Additional copies will be available from The Registrar, Lloyds Bank PLC, Goring-by-Sea, Worthing, West Sussex BN12 8DA, Tel. (01203) 502541.

Handwritten scribble at the bottom of the page.

INTERNATIONAL COMPANIES AND FINANCE

Maggie Ford on a possible beneficiary of the East-West political thaw

Soviet link could boost Jindo

IN THE shadowy world of East-West business, where billions of dollars worth of deals are done in secret between countries which profess to be bitter enemies, few in recent years have cared to reveal their involvement.

For one thing, where countries have no diplomatic relations, publicity is likely to be bad for business. But times appear to be changing, especially in the Soviet Union and China, where economic necessity is inspiring political pragmatism.

One unlikely beneficiary may be the South Korean fur manufacturer, Jindo, a small company which has identified a niche in the world market which it aims to dominate - demand for high quality, competitively priced fur garments. A connection with the Soviet Union could help the company reach its goal.

Both the company and the South Korean Government refuse to discuss "highly sensitive" recent reports of a planned joint venture between Jindo and the Soviet Ministry of Light Industry, but the idea is believed to have reached the stage of an exchange of letters of intent.

Analysts believe the plan, under which Jindo would provide expertise in the manufacture of furs both for export and for the Soviet domestic market in a 50-50 joint venture, makes sense for both sides.

Jindo was founded by a North Korean and is now majority owned by his five sons. It started

as a motor engineering group in Pyongyang and later became a contractor to the US military in Seoul during the Korean War, diversifying in the 1980s into fur and fashion production and steel and aluminium containers.

For several years it controlled the UK's Panther specialised car maker and one brother still owns a 20 per cent stake in Panther.

But the fur business offers the clearest route to expansion for Jindo, not least because the world business remains free of large dominant companies. The company operates without middle men, buying pelts, manufacturing the garments, and then selling them mainly through 44 company-owned shops abroad, many of them dirty free and directed at the tourist trade.

Widening the appeal of fur

Two London branches, in Old Bond Street and Brompton Road, will feature the \$2,000 mink coat (\$295 in London), mainly designed for US and Japanese tourists. To widen the appeal of fur to younger professional women, Jindo recently acquired design help from Yves Saint Laurent, the French couturier.

Attracting young women are not always drawn to furs which often have too 'matronly' an image. Jindo believes it can expand in this market with more up-to-date styling and thereby more than offset the impact of the anti-fur

trade lobby. The company acknowledges that campaigns led by Greenpeace and other organisations have had some noticeable effect, although largely in the UK where its presence is modest.

Jindo was listed on the Korea Stock Exchange last year, although a controlling stake is retained by the family. It registered net profits of 3.1bn Won (\$4.2m) on sales of W190bn in 1987, up from W2.1bn on sales of W46bn. Estimates this year suggest an increase to net profits of between W5bn and W6bn on turnover of W230bn.

The company has attempted to raise funds via a number of instruments, including preferred stock issues and warrants, and is highly leveraged. Like most Korean companies, analysts point out that it faces difficulties with currency fluctuations, selling in dollars which have depreciated against the Won, and buying stocks at auctions mainly denominated in D-Marks, which have shown an appreciation.

"The business is very seasonal," said one analyst. "It also operates on slim margins, so a labour dispute could easily cripple the company." Jindo had only a brief dispute during last year's nationwide strikes and recently settled without industrial action on a 20 per cent rise, bringing the average wage to around W250,000 a month for the mainly female employees in the fur division.

Prospects for an increase in market share for Jindo are good

in this Olympic year. Its duty free fur shop in Seoul sold out completely over the New Year as Japanese tourists flush with yen converged on the dollar denominated coats.

Long-term opportunity

But for the long term the Soviet venture, and possible collaboration with China, offer an even larger opportunity. Jindo is already the largest single buyer at the Leningrad fur auctions, according to Mr Y.D. Kim, its president, with purchases worth \$15m last year.

Analysis says that the new venture would not only secure supplies of the best skins, but eventually give access to perhaps the world's biggest potential market, inside the Soviet Union.

The company is likely to have to deal with a number of problems including financing, labour costs, currency arrangements and site plans, not to mention winning government blessing on a deal involving the notorious "Black Bear" nation before it can go ahead.

As for the Moscow planners, the idea of adding value to their exports of mink and fox fur clearly appeals in the age of economic restructuring. If the mutual benefits can be translated into a political thaw, a small South Korean company could find itself growing faster than its founder ever imagined.



Jindo's branch in Old Bond Street, London

Barlow Rand lifts first-half earnings

BY JIM JONES IN JOHANNESBURG

BARLOW RAND, South Africa's biggest industrial group, benefited in the half-year to March from strong growth in virtually all its operations outside the resources sector, enabling it to offset poorer performances in mining.

Mr Warren Clewlow, the chief executive, expects trading activity to continue at present levels for the remainder of the financial year and forecasts improved performance by the mining side.

Turnover rose to R9.9bn (\$4.46bn) from R8.08bn, operating profits before investment income and interest and tax payments rose to R894m from R667m and the pre-tax profit increased to R822m from R688m.

The group's gold mines have been affected by sharply higher costs and flat rand gold prices while the collieries have been hurt by poorer export markets and prices. On the other hand, subsidiaries serving consumer markets have registered strong trading and profit advances.

Mr Clewlow does not believe this recovery will abort following the recent introduction of higher interest rates and tighter credit curbs.

C.G. Smith, Barlow's food, packaging and textiles offshoot, enjoyed increased demand in the six months but cautioned that growth could slow during the second half. Turnover increased to R1.82bn from R1.10bn and pre-tax profit was R404m against R290.5m.

In South Africa, the Barlow group has continued to acquire new businesses. At present it is bidding for a 45 per cent interest in French Bank, the local subsidiary of Banque Indosuez; the Nampak subsidiary is bidding for half of Langeberg Foods; and Adcock-Ingram is acquiring Sterling Drug's local pharmaceutical interests.

The British-based J. Bibby & Sons, the principal operating arm outside South Africa, is negotiating the sale of packaging and security printing interests in the US and recently bought Melles Griot, an American manufacturer of lasers and electro-optics.

Barlow's net earnings rose to 172.3 cents a share from 131.6 cents and the interim dividend has been lifted to 39 cents from 30 cents.

Interim rise at Dorbyl

BY OUR JOHANNESBURG CORRESPONDENT

INCREASED ACTIVITY in the light engineering and trading sectors counteracted poor demand in the heavy engineering sector at Dorbyl, the South African engineering group, in the six months to March.

Interim turnover was lifted to R222m (\$415.2m) from R178.4m, trading profit before tax and interest rose to R47.2m from R34.5m, and the pre-tax profit was R36.4m against R24.2m.

The directors do not specify why heavy engineering demand

remains poor. However, the state-owned railways have reduced spending, as has the post office. Economists are concerned that further credit curbs and interest rate increases implemented by the Reserve Bank earlier this month could nip in the bud any upturn in the private sector fixed investment cycle.

Interim net earnings at Dorbyl have increased to 76.9 cents a share from 48.1 cents and the dividend has been raised to 19 cents from 16 cents.

Oji Paper profit up 27% despite fall in prices

BY OUR TOKYO STAFF

PRE-TAX profits of Oji Paper, Japan's largest paper maker, jumped by 27.1 per cent to ¥1.5bn (\$255.5m) in the year to March on a 6.7 per cent increase in sales to ¥387.5bn.

The company said the sales increase was modest because of price declines, but it masked a sharp increase in volume, reflecting booming domestic demand for most grades of paper, especially newsprint and wrapping papers.

Oji also benefited from the strong yen, which pushed down the cost of imported raw materials by about ¥1.6bn. Net income was ¥15.7bn or ¥27.1 per share, up 28 per cent. The company said net profit would rise only frac-

tionally this year to ¥16bn.

Fuji Photo Film, Japan's dominant photographic film maker, showed a 0.6 per cent fall in interim pre-tax profits to ¥62.6bn. The company blamed the strength of the yen, which hit export margins, and fierce competition in markets for magnetic tape, which had forced price cuts.

Sales in the period to April 30 were up 0.5 per cent at ¥36.6bn, with steady gains in photographic film and cameras, including disposable cameras. With a higher tax charge, net profit was 10.5 per cent down at ¥29.8bn. For the full year, Fuji forecast a 0.5 per cent increase in pre-tax profits to ¥128bn on sales of ¥726bn, up 6.6 per cent.

CRA cuts stake in Metal Manufactures

BY IAN RODGER IN TOKYO

CRA, the Australian resources group, has reduced its stake in Metal Manufactures, a diversified cable maker, to just over 20 per cent from 29 per cent by selling 17m shares to local institutions, Reuters reports from Melbourne.

CRA said it sold the shares at A\$2.55 each, 20 cents below the market price, for a total of A\$43.5m (US\$38.9m) and a profit of about A\$3m.

Metal Manufactures is 55 per cent-owned by BICC of the UK. CRA, which has been a Metal Manufactures shareholder for many years, said it wanted to release funds tied up in a non-core business but planned to retain 20 per cent so it could equity-account the holding.

Komatsu sees modest turnaround

BY IAN RODGER IN TOKYO

KOMATSU of Japan, the world's second largest construction equipment maker, expects a modest turnaround in profit in the current year after five years of falls. The company, whose profits have been hit hard by the impact of the high yen on its exports, has forecast that its pre-tax profit will reach ¥19bn (\$152.2m) in the

year to next March compared with ¥18bn in its last full year to December 1987.

The forecast was published with a report of the company's results in the three months to March this year. Komatsu is changing its year-end.

Net sales in the period were ¥129.9bn, of which ¥77.7bn were

in the domestic market. Pre-tax profit was ¥4.5bn and net income was ¥2.3bn or ¥2.62 per share.

The company said demand for construction equipment was satisfactory in the domestic market and steady abroad. Exports of components rose, mainly because of the group's new factories in the US and the UK.

Strong recovery by Omron Tateisi

BY STEFAN WAGSTYL IN TOKYO

OMRON TATEISI Electronics, Japan's leading maker of electronic control components, has posted a 117 per cent jump in annual pre-tax profits to ¥15.6bn (\$124.6m), recovering strongly from a downturn in the industry. Profits in the year to March

showed the positive impact of a severe rationalisation programme which concentrated on scrapping unprofitable product lines.

Sales rose 12.2 per cent to ¥277.9bn, reflecting a surge in Japanese domestic demand for control equipment for factory

machinery and for electronic accounting equipment, including point-of-sale devices.

The group forecasts sales of ¥302bn in the current year, pushing pre-tax profits to ¥21bn, higher than the record ¥18bn achieved in 1982.

Columbia First
Federal Savings & Loan Association
U.S. \$150,000,000
Collateralized Floating Rate Notes
due November 1996

For the interest period 20th May, 1988 to 21st November, 1988 the Notes will carry a rate of interest of 7 1/8% per annum, with an interest amount of U.S. \$4,014.76 per U.S. \$100,000 Note.
Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

This announcement appears as a matter of record only.

REUTERS

Reuters Limited
£200,000,000

Multiple Option Facility

Arranger
S.G. Warburg & Co. Ltd.

Lead Managers
Bank of Scotland

Banque Nationale de Paris London Branch	The Dai-ichi Kangyo Bank, Limited
Deutsche Bank Aktiengesellschaft London Branch	Swiss Bank Corporation

Managers

Citibank, N.A.	Den Danske Bank
The Mitsubishi Bank, Limited	The Mitsui Bank, Limited
National Bank of Abu Dhabi	The Royal Bank of Canada
The Sumitomo Bank, Limited	The Toyo Trust and Banking Company, Limited
Amsterdam-Rotterdam Bank N.V.	Banque Belge Limited

Additional Tender Panel Members

Arab Bank Limited	Banca Nazionale del Lavoro London Branch
Banco di Napoli	The Bank of New York
Bankers Trust Company	Chemical Bank
Credito Italiano London Branch	Credit Suisse
The First National Bank of Chicago	Morgan Guaranty Trust Company of New York

Société Générale
London Branch

This announcement appears as a matter of record only.

The Royal Bank of Scotland Group plc

Private placement of

U.S. \$200,000,000 Floating Rate Notes 1998

Arranged by

S. G. Warburg Securities

Friday, May 24, 1986

equity
ted

“J.P. Morgan is an international firm with a very important American business.”

J.P. Morgan was an international firm long before the integration of world financial markets. Over the last century we have established a presence in major financial centres everywhere, building the global resources and experience multinational clients need. Today, whether we're raising capital in London or investing funds in Tokyo, trading currencies in Frankfurt or restructuring assets in New York, J.P. Morgan draws on in-depth company and industry research generated by our 120 analysts worldwide, and minute-by-minute data from Morgan market-makers in each financial centre. Our clients know the advice we offer and the solutions we structure come from a global perspective no other firm can match.



For over 125 years J.P. Morgan has put its clients' interests first, in a context of absolute confidentiality and objectivity.

JPMorgan

UK COMPANY NEWS

AB Foods rises 10% but hit by currency factors

BY ANDREW HILL

Associated British Foods, baking and milling group, increased pre-tax profits by 10 per cent to £210.4m for the year to April 2 1988.

But Mr Garry Weston, chairman of ABF - which counts Sunblest bread, Twinings tea and Ryvita among its branded products - said volatile commodity prices and the strength of sterling had affected manufacturing divisions and overseas earnings.

Profits growth slowed during 1987-88. Such fluctuation was only to be expected from a company dependent on bread and milling and with half its assets in gilts, added Mr Weston.

He said adverse currency effects had cut about £3m from profits and £55m from turnover. Sales grew from £2.2bn to £2.27bn, an increase of 3 per cent.

Earnings per share edged up from 30.3p to 30.5p, diluted by the rights issue in January of last year, which raised £18m and rid ABF of close company status.

Last year, ABF withdrew its £77m bid for S & W Berisford, sugar refiner and commodities trader, following the stock market crash. The food group still holds a 23.7 per cent stake in Berisford, which provided income of £8.6m during the year. This was some £2m less than the returns available on money market instruments, according to the company.

Mr Weston said yesterday that Berisford was a company with an improving image in which ABF

was quite happy to have a strategic stake.

"We're not forced to make a decision about it and in the meantime there are plenty of other companies out there in which we could invest," he added.

Under takeover rules, ABF cannot launch a further bid for Berisford until November, unless another bidder emerges.

ABF's net cash position of about £1bn has hardly altered since last year. Total investment income was 17 per cent higher at £22.2m (£20.5m). The group said the increase was marginally below expectations, held back by the gradual decline in interest rates during the year.

The group's US manufacturing division increased operating profits by 13 per cent to £74.2m on sales up 2 per cent to £1.21bn. Mr Weston said a poor harvest and increased competition from supermarkets baking their own bread had affected sales. In addition, fluctuating commodity prices - especially oil and flour - hit oils, fats, and canning operations.

Retaining profits advanced by 16 per cent to £12.5m. Sales growth - to about £296m (£283m) - was restricted by the loss by fire of a major store in Northern Ireland.

Overseas sales were up 6 per cent to £765m and profits rose to £39.9m (£38.3m).

A £77m write-down to market value of ABF's 15.3 per cent hold-



Garry Weston - fluctuation only to be expected.

ing in Dee Corporation, retail group, was taken below the line, as was the £1.1m cost of the leased Berisford bid. These were partially offset by the cancellation of a £47m provision for capital gains tax on the Dee stake and £4m profit on property sales.

The directors declared a second interim dividend of 8.5p, making 7.75p (6.99p) for the year.

ABF shares dropped 2p to close at 274p last night.

See Lex

Barclays holders take up 95% of rights issue

By David Lascelles, Banking Editor

Barclays has received 95 per cent acceptances for its record £21m rights issue which was approved by shareholders in April.

The banking group announced yesterday that shares which had not been taken up had been sold at a premium of 142p to the subscription price of 250p. The issue, which was priced at a deep discount and attracted some criticism, was not underwritten. Barclays fully paid shares closed last night at 389p, down 5p.

The completion of the rights issue removes a large overhang in the banking sector. However, Standard Chartered has already indicated its intention to make a rights issue of £200m-£300m after its interim results in August.

See Lex

Vickers buys US printing plate maker

By Andrew Hill

Vickers, manufacturer of medical, defence and aerospace equipment and Rolls-Royce cars, is expanding its US printing plate operation with the purchase of Imperial Metal & Chemical Company for about £12m (£6.43m) cash.

The exact price, which includes external borrowings, will be decided by an audit at the end of the month.

Imperial, based in Philadelphia, supplies aluminium plates to the US newspaper industry and the commercial market.

The company will join Vickers' subsidiary, Howson-Algraphy, a manufacturer of lithographic plates and pre-press equipment.

Vickers has also bought Imperial's Canadian sales and distribution facility.

The UK company said yesterday that the acquisition would give Howson, based in Leeds, access to printing plate manufacture in the US.

Howson already supplies the commercial market and can now increase its share of the US newspaper market, said Vickers.

US newspapers which use Imperial plates include the New York Times, Washington Post, Baltimore Sun and Newsday.

Clay Harris takes a look at the shift of direction at Hollis Maxwell engineers a buy-out



Robert Maxwell - bringing out the Pergamon name.

MR ROBERT MAXWELL yesterday admitted defeat. Or so he modestly wished it to seem. Hollis, the diversified engineering and professional services company he has controlled since 1982, would never be able to reach the "critical mass" to fulfill his dreams of a science-led engineering group, Mr Maxwell said.

Although its market value had grown from less than £1m to more than £100m in less than six years, the failure to win the motor components maker AE in a fierce bid battle with T&N late in 1986 had forced him to change his plans.

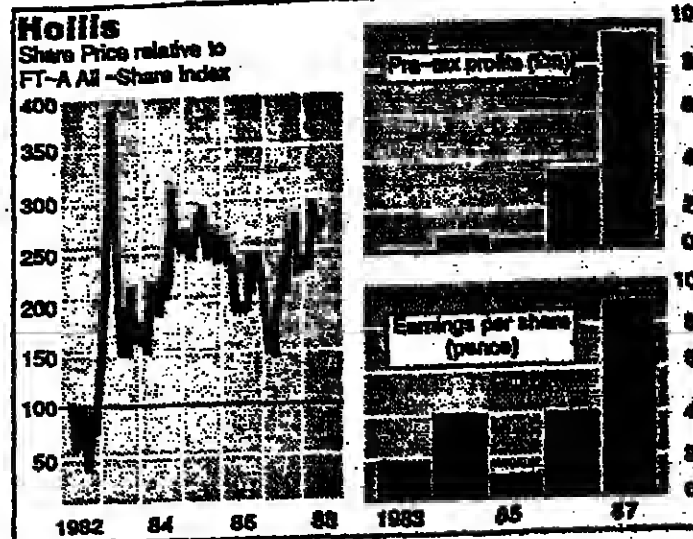
Hollis's nine engineering businesses, as well as three merchanting subsidiaries, are to be sold to a management team for £55m in cash and the assumption of £13.8m in debt, and Hollis would keep a £51m preference and loan capital investment in the new company, part of which would convert into a 42 per cent equity stake.

The rump of Hollis - providing legal and other professional services as well as educational supplies - is to be renamed Pergamon Professional and Financial Services, giving investors in London their first opportunity for nearly two decades to trade in shares graded by the Pergamon name.

However, the apparent shift of direction is less sudden than it appears at first. Not only will Hollis retain a large indirect interest in engineering, it had also created for some time two discrete sectors.

Plans announced in September to demerge the services division into a separate floated company were scuppered by the stock market crash. With Mr Maxwell still publicly committed to his engineering ambitions, the demerger made no sense.

It did not fit in, however, with his emphasis - expressed in other parts of the Maxwell



empire - on the growing global importance of intellectual property rights, and access to them through databases, and other services to professionals.

And if AE was such a turning point, why had Hollis stepped up its engineering acquisitions throughout 1987, after the bid was lost? Among its purchases last year were Ransomes & Rapier, draglines and crane manufacturer; Petroleum Seals & Systems, maker of storage-tank seals, and the outstanding minority in Stohert & Pitt, another crane maker.

Although last year's spree appears to have created sufficient "critical mass" to justify a management buy-out, this does not mean that the new company will survive long, if at all, in its present form.

It will bear a heavy burden of borrowing, especially the £56m in senior debt required to raise the cash payment to Hollis.

Mr Geoffrey Robinson, a Hollis director who will become non-executive chairman of the new company, said disposals of non-core activities were likely. It is not clear, moreover, what, if any, plans exist for eventual flotation.

It is also too early - and will probably never be fully possible - to assess Hollis's stewardship of the engineering companies because of the short time they were part of the group. The advance to £10m in operating profits on sales of £70.5m in 1987 from a mere £500,000 on turnover of £3.9m in the previous year is meaningless because of acquisitions.

In merchanting - of printing equipment, timber and lighting - operating profits and turnover both trebled last year, but this still meant a return of only £300,000 on sales of £43.5m.

Furniture manufacturing, Hollis's main pre-Maxwell business, lost £1.9m last year, against a £200,000 profit previously. Furniture was not included in yesterday's deal, but Hollis plans to sell the division, piece by piece. It has already accepted in principle an offer from management at A.H. McIntosh.

Mr Maxwell told shareholders at yesterday's annual meeting that Hollis would shortly open six additional continental offices to focus on European expansion.

The company intended to build on existing businesses such as the engineering businesses through the Solicitors' Law Stationery Society, trading as Oyer, and Miller & Bryce in the UK, school administration software in North America and government and industrial technical documentation worldwide.

Among the professions for which the company planned to provide services were doctors, accountants, and health, environmental and housing workers, Mr Maxwell said.

Bankers Trust, the US bank arranged the financing of the management buy-out and will own a 18 per cent stake in the new company. Managers hold slightly less than Hollis does.

To advise Hollis on the deal, Mr Maxwell turned to Samuel Montagu. Previously, his companies have tended to use Hill Samuel, now part of TSB, and N.M. Rothschild.

Savoy battle set to flare again

BY DAVID WALLER

THE LONG-standing battle between Savoy Hotel and Trusthouse Forte, its largest shareholder, is likely to flare up again today at the luxury hotel group's annual general meeting.

The Savoy, which takes in Claridges and the Connaught as well its flagship in the Strand, intends to call an extraordinary meeting at which shareholders would be asked to censure THF for its current bout of litigation, which aims to disenfranchise a key 5.77 per cent block of high-voting "B" shares.

Mr Giles Shepard, Savoy managing director, said yesterday that the wording of the motion to be put to shareholders at the AGM had not yet been finalised. It would be designed, he said, to open up the debate about THF's action.

THF, which first made a bid for Savoy in 1981, is left with 69 per cent of the equity but just 42 per cent of the votes because of a two tier voting structure introduced by the Savoy board in 1955.

A £77m write-down to market value of ABF's 15.3 per cent hold-

per cent tranche - now owned by a Swiss charity, La Fondation pour La Formation Hoteliere - is set aside, its holding will fall to 44 per cent. The shares were originally issued in 1971 when the Savoy acquired the Hotel Lancaster in Paris.

THF's lawsuit, though militantly to be brought to the courtroom before autumn at the very earliest, has fuelled speculation that THF is coming close to the point of renewing its bid. The "A" shares, albeit a thin market, have risen from 463p to 1075p over the last year.

Towards the continued expansion of the company's web offset facilities, Watmoughs has now reached agreement on the purchase of a 63,000 sq ft factory and more than eight acres of land in Wakefield, West Yorkshire in order to provide further space.

Watmoughs is proposing to add two web offset presses to its current operations.

Watmoughs said that the cost of present capital commitments and the likely developments through to December 1990 will be about £25m.

Watmoughs £10m convertible placing

BY NIKKI TAIT

Watmoughs (Holdings), colour printer, publisher and process engraver, yesterday announced plans to raise about £10m through a placing of convertible redeemable preference shares next month.

The funds raised will go

Pittsburgh judge relaxes Koppers bid restrictions

BY PHILIP COGGAN

Beazer, the housebuilding and construction company, is a step nearer success in its long-running £1.7bn bid for Koppers, the US aggregates and chemicals company.

Beazer's bid has been held up by three court cases in the US. But a judge in Pittsburgh has ruled that Beazer can consummate its bid if it fulfils one of three criteria: ownership or acceptances representing more than 90 per cent of the shares; agreement from the Koppers board; or an alternative financing method.

Previously, the judge had imposed a blanket interim injunction on the bid, so the three conditions represent a relaxation of the legal restrictions.

There is no sign of a change of heart from the Koppers board, which has fiercely resisted the bid and a change of financing method looks unlikely, although the judge has ordered a full hearing into the details of the financing on May 31.

Beazer's best hope appears to lie in the 90 per cent condition; at the last count, its specially created associate, BNS, owned or had acceptances for 75.2 per cent of Koppers equity. However, Beazer is still awaiting judgment in a Californian anti-trust case and in a Delaware case, in which the UK group is trying to overturn Koppers' "poison pill" defence.

City Public Relations tops £0.6m

By Fiona Thompson

City of London Public Relations, a financial public relations group specialising in serving the London needs of Australian companies, reported pre-tax profits up from £457,000 to £610,000 for the year to April 4 1988, and said it intended to seek a quotation on the Unlisted Securities Market soon.

Sales rose to £1.06m from £724,854 the previous year. About 80 per cent of turnover is from Australian businesses, but the company is expanding and this year, for the first time, the division dealing with financial PR for UK businesses made a profit.

The company was founded in 1971. Mr Peter Doye, deputy chairman, said yesterday the company would be coming to the USM within the next month.

Radio City attracts advertisers

THE HEAVY DEMAND for airtime from both national and local advertisers is reflected in the first half results from Radio City (Sound of Merseyside), an independent local radio station.

Pre-tax profits rose substantially from £70,000 to £308,000 in the six months to March 31 1988, and turnover improved from £1.31m to £1.55m.

No interim dividend is again being paid by this USM company. Stated earnings per 25p share were 7.75p against 2.76p last time.

The chairman said the growth in local revenues reflected not only the continuing popularity of the radio station, but also the general signs of improvement in the Merseyside economy.

He said the board hoped to resume dividend payments in respect of the full year.

The pre-tax figure was after net investment income and interest payable of £8,000 (£26,000 debit). There was a tax charge this time of £107,000.

Priest Marians £5m office sale

BY NIKKI TAIT

Priest Marians, property investment and development company, has sold its 15,750 sq ft office building at 223, Shaftesbury Avenue in London's West End to Mercury Property Fund.

The sale price is £5m. Priest Marians said the property was bought in March 1987 for £3m and has a book value of £4m. The block is fully let to Leagus Delaney, advertising agency, on a 25-year lease from 1984 at an annual rent of £235,000.

USX listing

USX Corporation, the former US Steel, has been listed on the London stock market via an introduction. In 1987, USX reported net income of £218m (£117.27m) on sales of £14.8bn.

GEC in \$21m AB Dick expansion move

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

AB Dick, the US office equipment company acquired by the General Electric Company in 1979, made its first significant takeover under GE's ownership yesterday.

AB Dick's subsidiary, Videojet Systems International, is paying the Xerox copier company £21m (£11.25m) for Cheshire, a mailing equipment group based in Illinois. Cheshire makes a variety of products, including automatic labellers, equipment for inserting letters in envelopes, and document binding machines.

GEC said yesterday that the Cheshire business fitted well with the Videojet product line, which is centred on non-impact printing - equipment that prints by squirting ink using sophisticated electronic control methods. Videojet, which is expanding at about 20 per cent a year, grew initially by selling its printers mainly to supermarkets, but recently has been shifting increasingly into the office market.

Sales amounted last year to \$65m at Videojet and \$39m at Cheshire, but profits were much higher at the former, which made \$21.5m pre-tax against \$2.5m. Videojet believes, however, that it will be able to add significantly to the turnover of the combined group by the advantages it will gain in using the same distribution channels and rationalising its manufacturing operations.

Mr David Powell, who took over as chief executive of AB Dick in 1983 after two years of losses, said yesterday that the acquisition marked a more aggressive expansionary phase. The company had been looking for potential takeovers for some time, he said, after three years in which it had made "respectable" profits.

AB Dick was originally acquired to use as a vehicle for GEC's move into the computing and word processing side of office electronics. When this strategy ran into trouble in the intensely competitive US office equipment market, Mr Powell took charge and brought the company back into profit by concentrating on its roots in the offset printing industry.

More recently, the Chicago-based group had been moving into areas such as desktop publishing, but its fastest growing activity has been Videojet, which was spun off as a separate subsidiary in 1986.

Mr David Powell, who took over as chief executive of AB Dick in 1983 after two years of losses, said yesterday that the acquisition marked a more aggressive expansionary phase. The company had been looking for potential takeovers for some time, he said, after three years in which it had made "respectable" profits.

AB Dick was originally acquired to use as a vehicle for GEC's move into the computing and word processing side of office electronics. When this strategy ran into trouble in the intensely competitive US office equipment market, Mr Powell took charge and brought the company back into profit by concentrating on its roots in the offset printing industry.

More recently, the Chicago-based group had been moving into areas such as desktop publishing, but its fastest growing activity has been Videojet, which was spun off as a separate subsidiary in 1986.

Brixton Estate

International investors in commercial property

Extracts from the Statement by the Chairman, Harry Axton

I am pleased to report another year of sustained income and capital growth.

For many years I have emphasised the strength of the investment portfolio in terms of both the location of the properties and the quality of tenants and I am pleased to report that at the end of 1987 the value of the Group's investment portfolio increased to £414 million, a rise of £70 million over the previous year.

The value of the current development programme exceeds £150 million.

Further growth in the economy is expected in 1988 and this is likely to benefit the property industry. The outlook for industrial property is particularly encouraging and I believe that the future can be viewed with confidence. 99

HIGHLIGHTS OF 1987

- 34.2% increase in net assets to £249 million.
- 11.2% increase in net rental income to £25,419,000
- 22.7% increase in profit before tax to £13,204,000
- Proposed final dividend of 4.80p per ordinary share making an increase of 20.0% for the year.
- Value of investment properties - £414 million.

The Annual General Meeting of the Company will be held in London on 22nd June 1988.

If you would like a copy of the Annual Report and Accounts 1987, complete this coupon and send it to The Secretary Brixton Estate plc, 22-24 Ely Place, London EC1N 6TQ.

Name _____

Address _____

FT 24/5

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Assoc Bri Foods	2m	5.8	Sept 1	5.1	8.3
Gates (Frank G)	2m	4.25	-	3.2*	4.25
Maxwell	2m	1.94	-	1.58*	2.69
Petroleum Inv Trst	2m	2.55	-	-	6.3
Holmes & M'Chanzt Int	2.45	Sept 30	1.75	-	4.46
J S Pathology	2m	3.7	-	3	5.5
North Ind Imp	2m	5	July 15	5	17.94
Tunstall Group	2m	1.51	July 15	1	3.25
Wherway	2m	0.5p	Oct 3	0.38	1.63

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. *On capital increased by rights and/or acquisition issues. \$USM stock. \$Unquoted stock. *Third market.

BOARD MEETINGS

	DATE	TIME
Anglo-Thai	June 2	10.00
Chapman & Partners	June 7	10.00
Capital Radio, Chesterfield, County-side Props, Leeds, Poly Peck, G.W. Thomson, VPI, Yorkshire TV	June 2	10.00
Ferguson Int	June 2	10.00
Globe Investment Trust	May 28	10.00
Greenwich Resources	June 22	10.00
Harbour Trust	June 22	10.00
Norman	June 14	10.00
Norman	June 14	10.00
Osborne & Little	June 8	10.00
Young & Co Brewery	June 24	10.00

The advertisement appears on a number of recent days, May 1988

Tilbury

£50,000,000

Revolving Term Facility with Tender Panel

Arranged for Tilbury Group Plc by

CHARTERHOUSE BANK LIMITED

Underwritten by

The Royal Bank of Scotland plc
ANZ Banking Group Limited

Midland Bank plc
Credit Lyonnais, London Branch

Additional Tender Panel Members

Charterhouse Bank Limited
Banca Nazionale del Lavoro, London Branch
Banque Indosuez
Barings Brothers & Co, Limited

The Dai-ichi Kangyo Bank, Limited
Riyed Bank, London Branch
TSB England & Wales plc
Union Bank of Finland Ltd, London Branch

AGENT
CHARTERHOUSE BANK LIMITED

UK COMPANY NEWS

Adelaide Steamship lifts CU holding

By Nick Bunker
MR JOHN Spalvis, Australian investor, has increased to nearly 6.5 per cent the stake in Commercial Union, British composite insurer, which his group, Adelaide Steamship holds via a string of nominee accounts.

Adelaide Steamship first emerged as a substantial shareholder in CU last November, when the British group used its powers under section 212 of the Companies Act to force the disclosure of 19.9m of its shares held by 17 nominee companies linked to the Australian group.

Glynwed buoyant

Mr Gareth Davies, chairman of Glynwed International, told the annual meeting that group performance in the first four months of the current year was most encouraging, with all three operating divisions enjoying buoyant trading conditions.

Cookson expands

Cookson Group has acquired the capital of Compton Plastic Company, a leading manufacturer of plastic containers for the horticultural market. The existing management of Compton will continue with the company, which will operate within Cookson's ceramics and plastics division.

Simon expansion

Simon Engineering has purchased a 64 per cent holding in Gale Resources of Canada for £3900,000 (£240,000). Gale is a Calgary-based seismic data specialist.

Dyson disposal

J & J Dyson is to dispose of its interest in Pickering Farm together with adjoining land but excluding all fireclays for £2.1m.

Lilleshall progress

Mr John Leek, chairman of Lilleshall, told the annual meeting that both turnover and profits before tax were ahead of budget for the first four months of the 1988. He looked forward to reporting a substantial rise in profits for the full year. A number of acquisition opportunities were being researched.

DRG purchase

DRG has acquired the envelope manufacturing arm of Edwards Dunlop & Co. of Australia, for £41.5m (£9.6m). DRG has also acquired the business and assets of the specialist stretchfilm activities of Stark-Ista, based near Stuttgart, for DM 3.5m (£1.1m).

Unilever

Unilever is to acquire Auckland-based Abela, which has some 50 per cent of the New Zealand retail margarine market. Abela, with an annual turnover of NZ\$20m (£15m), is also a leader in the industrial market for margarine and shortenings.

Granada

Granada Group has acquired Healthcare Television and Telephones, a supplier of television rentals to US hospitals, for an undisclosed sum.

Rural Planning

T.D. Nevard, director of Rural Planning Services, has disposed of 10,000 shares, R.G. Williams disposed of 45,000 shares and now holds 12.65 per cent.

Takeover no threat to Rowntree jobs says Young

BY DAVID WALLER

LORD YOUNG, Trade and Industry Secretary, who later this week will decide whether Nestlé's £2.1bn bid for Rowntree is to be referred to the Monopolies and Mergers Commission, said yesterday that he did not think that a foreign takeover of the company would jeopardise jobs.

Interviewed yesterday during a visit to Newcastle, where Rowntree employs about 1,000 people at its Fruit Pastilles and Toffee Crisp factory, Lord Young said on a local radio programme: "Let's not get ourselves into a position of thinking that it's about jobs. If a foreign company were to buy Rowntree, I can't feel that jobs are in jeopardy. Far from it - if anything, they'd be wanting to invest in the company."

He refused to be drawn on other issues raised during a month of intensive lobbying on

both sides, such as reciprocity. DTI officials stressed that he had yet to make up his mind on a referral in advance of a recommendation from Sir Gordon Burrie, Director General of Fair Trading, who is due to report this week.

Nevertheless, the tenor of his comment disappointed the Rowntree camp, which claims that its employees would suffer from rationalisation measures if the bid were to go through. "We are surprised that Lord Young should make such a statement, particularly immediately ahead of his decision," Rowntree said.

Nestlé argues that jobs would be more secure as it intends to merge its own UK confectionery business into that of Rowntree. Rowntree, for its part, has let it be known that its defence document will contain criticism of Nestlé's record as an employer in

the UK. The document will not have to be published if the bid is referred.

Rowntree recently shut its Edinburgh factory, shedding 800 jobs, but it told its employees last week that no further closures were planned. It said that job losses in its UK workforce of 13,000 would be confined to natural wastage.

Mr Kenneth Dixon, Rowntree chairman, said that Rowntree's annual job losses between now and 1992 were likely to fall short of its average of 900 a year since the beginning of the decade. He said that the company was engaged in "a continuing programme in pursuit of productivity improvement."

Rowntree's shares dropped 13p to 82p, going ex the 10p dividend. Nestlé, which now owns a 16 per cent stake in the York-based chocolate company, has pitched its offer at 89p a share.

Thos Robnson moves to sway Crowther from Coloroll's bid

BY ALICE RAWSTHORN

THE BOARD of Thomas Robnson, which is fighting against Coloroll in a bid for John Crowther Group, met with senior Crowther executives yesterday in an attempt to persuade them to drop their support for Coloroll in favour of Robnson's counterbid.

Crowther decided to continue to support Coloroll's offer after the £226m counterbid was announced three weeks ago. But it said that it would wait to see Robnson's offer document before

making a formal recommendation to shareholders. Robnson's document was published a week ago. The Crowther board is expected to make its announcement to shareholders this week.

The Takeover Panel yesterday ended its investigation into Coloroll by saying that it was satisfied there was "nothing suspicious" behind the recent rise in Coloroll's share price. Because of the price rise early last week, Coloroll was able to increase its

holding in Crowther to the maximum of 14.9 per cent.

The Panel immediately began an investigation into the reason for the price increase. It now says that the price rose because of share purchases by two institutions and that it is satisfied these were made "wholly independently".

Coloroll has received acceptance for 28.4m Crowther shares, or 22.2 per cent of its equity. This means that it now speaks for 37.2 per cent of the textile group.

The investment management arm of Robert Fleming, one of the largest shareholders in Crowther, is today meeting Mr Trevor Barker and Mr Michael Abrahams, respectively chairman and deputy chairman of Crowther, to discuss the bids.

If the Robnson bid succeeds, Fleming's merchant banking division could emerge as a substantial shareholder in the engineering group, because of its failure to complete the sub-underwriting for Robnson's cash offer.

Compass profits hit by interest in first half

Operating profits rose 40 per cent to £11.8m at Compass Group in the six months to March 27 1988. However, a sharply increased interest charge resulted in lower pre-tax profits.

Interest took £5.7m against £0.5m in the comparable period and the taxable result fell from £8.1m to £6.1m. Compass was created last June from a management buy-out of Grand Metropolitan's contract

services division. Its other activities include building services and private hospitals.

The directors said the performance of the catering, security and facilities services in the UK was well ahead of last year, due to improved buying margins and lower overheads.

Mr Gerry Robinson, chief executive, said the interim results boded well for a future flotation.

Control Secs. £20m deal

Control Securities has agreed to acquire two properties for a total of £20m. Consideration will be satisfied by about £8m in cash, and the balance by the issue of a vendor of 27m new ordinary shares (about 2.1 per cent of the enlarged issued share capital). Both properties are in London.

One is in Creechurch Lane in the City, the other is on the Edgware Road in the West End.

The shares have been placed - subject to completion and listing - by Williams de Broe Hill Chaplin and Company with major institutional clients.

Ansbacher agrees merger

Henry Ansbacher Holdings and WS Moody Holdings have agreed, in principle, to the merger of HAH's insurance broking interests, which comprise its wholly-owned subsidiary, Seascope

Insurance Holdings, and 51 per cent interest in Adams and Porter, with Moody, an unlisted insurance broking company, for a consideration to be satisfied by the issue of new Moody.

SHARE STAKES

Changes in share stakes announced during the past week included:

Stonehill Holdings - Control Securities acquired 1.42m ordinary shares (23.43 per cent). Barry Wehmiller Co (BWCO) transferred 1.15m ordinary (4.9 per cent) in Barry Wehmiller International (BWI) to Vickers in exchange for Vickers' interest in BWCO. Accordingly, BWCO now

has an interest in 5.31m (22.8 per cent) in BWL Vickers' present intention was to hold its interest as an investment.

Hey & Croft - North East Essex Building Co now holds 515,000 ordinary (8.82 per cent). Hartons Group - Director Mrs Monica Maimann acquired 100,000 ordinary shares, bringing her total holding to 6.84m (9.6 per cent).

INTERNATIONAL CAPITAL MARKETS

The Financial Times proposes to publish this survey on:

27th JUNE

For a full editorial synopsis and advertisement details, please contact:

DAVID REED on 01-263 8900 ext 3461

or write to him at:

Brackley House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Bass

Public Limited Company

EXTRACTS FROM COMMENTS BY THE CHAIRMAN - IAN PROSSER

Profit before tax increased by 33.6% after crediting an exceptional profit of £28.2m arising from the sale of certain European hotels.

The strength of our beer brand portfolio enabled us to increase volumes well ahead of a buoyant market. The performances of Britvic Corona in the soft drinks market and Hedges & Butler in wines and spirits were encouraging.

Our considerable investment in pub retailing and the extension of our catering businesses led by Toby Restaurants continued to produce good results. Changes in licensing hours will present an opportunity for future growth in this sector.

Our leisure activities continue to show good growth with notable performances coming from amusement machine manufacture, social clubs and hotels. Horizon winter holiday sales were substantially above last year.

The acquisition of the international assets of Holiday Corporation outside the United States of America, Canada and Mexico, together with 13 Holiday Inns in the U.S.A., which has been completed since the end of the half-year, significantly expands our hotel business and confirms our commitment to become a major international hotel operator.

INTERIM RESULTS TO 9th APRIL 1988

- key figures (unaudited)

	28 weeks to 9.4.88	28 weeks to 11.4.87	52 weeks to 30.9.87
	£m	£m	£m
Turnover			
Brewing, drinks and pub retailing	1,249.0	1,135.0	2,228.1
Leisure	535.3	380.3	985.3
	<u>1,784.3</u>	<u>1,515.3</u>	<u>3,213.4</u>
Trading Profit			
Analysed:			
Brewing, drinks and pub retailing	158.9	133.7	303.3
- operations			
- surplus on disposal of fixed assets	7.0	8.4	14.6
Leisure:			
- operations	15.8	15.4	67.8
- surplus on disposal of fixed assets (Note)	28.3	0.4	0.7
	<u>210.0</u>	<u>157.9</u>	<u>386.4</u>
Profit before taxation	<u>197.0</u>	<u>147.4</u>	<u>365.0</u>
Ordinary dividends paid and proposed - per share	<u>5.4p</u>	<u>4.8p</u>	<u>19.55p</u>
Earnings per ordinary share	<u>38.4p</u>	<u>30.2p</u>	<u>71.6p</u>

Note: The surplus on disposal of fixed assets includes £28.2m in respect of the sale of certain continental hotels.

This statement is being distributed to all holders of listed securities of the Company. Copies are available to the public from the Company's registered office: 30 Portland Place, London W1N 3DF

07-MAY-88

MIDLAND MONTAGU VENTURES £05m

SAMUEL MONTAGU CORPORATE FINANCE DIVISION £20m

SAMUEL MONTAGU SPECIALISED FINANCING DIVISION £48m

LEWIS'S TOTAL £73m

THANK YOU

Why shop around?

On 7th May the largest buy-in of the year so far was announced with the £73 million management buy-in of Lewis's department stores from Sears plc.

This complex transaction was completed only with the teamwork of three different divisions within the Midland Montagu group.

Midland Montagu Ventures invested £5 million to lead the equity syndication, Samuel Montagu's Cor-

porate Finance Division underwrote the £20 million balance of equity requirement and our Specialised Financing Division took on the entire £48 million debt finance.

If you, like the new management team of Lewis's, are looking for the best in corporate advice and capital financing, there's no need to shop around. Just ring up.

Samuel Montagu & Co. Limited

PART OF MIDLAND MONTAGU, THE INVESTMENT BANKING & SECURITIES ARM OF MIDLAND GROUP
10 LOWER THAMES STREET, LONDON EC3R 6AE. TELEPHONE 01-260 9000.

SAMUEL MONTAGU & CO. LIMITED, A MEMBER OF THE SECURITIES ASSOCIATION.

APPOINTMENTS ADVERTISING

APPEARS EVERY

WEDNESDAY AND THURSDAY

UK COMPANY NEWS

Tunstall moves up 16% to £3.2m

BY CLARE PEARSON

Tunstall Group, security equipment company, announced a 16 per cent increase to interim pre-tax profits from £2.7m to £3.2m. It also said it had increased its holding of convertible preference shares of Sound Diffusion, the electrical equipment leasing company with which it last year held aborted merger talks.

Mr Michael Dawson, chairman, indicated that he was still trying to agree a merger with Sound Diffusion, which appointed new management last December to spearhead a return to profitability.

Mr David Macdonald, Sound Diffusion's chairman, said the directors would have to consider any proposition on its merits, "but we believe the company needs its independence while profitability is being restored".

The addition of rights to subscribe for a further 1.2m convertible preference shares, paying interest at 7.5 per cent, has the effect of cutting the average holding cost of Tunstall's overall investment in Sound Diffusion.

It has 4.9 per cent of Sound Diffusion's ordinary shares, which gave it rights to subscribe for 492,857 of the preference shares when they were issued last month. If fully converted after June 1990, Tunstall's increased holding would amount to about 7 per cent of Sound Diffusion's enlarged share capital.

Tunstall's 42 per cent increase in turnover to £18.2m (£12.9m) in the six months to March 31 mainly reflected the acquisition last April of Ademco, which operates trade distribution centres under the Selectaluma logo. Ademco's outlets have been increased from four to 16 since the acquisition, Mr Dawson said they should reach 20 by the end

of the financial year.

The bulk of Tunstall's profits came from Tunstall Telecom, which provides personal alarm systems mainly to local authorities running council accommodation.

Mr Dawson said the prospects for growth in Tunstall hinged on increasing orders from two main sources: overseas, and the private sector sheltered housing market which is catered for by Tunstall Lifetime. He said orders from overseas had picked up by 100 per cent in the period under review, while Tunstall was "readily building a strong subscriber base" for Lifetime.

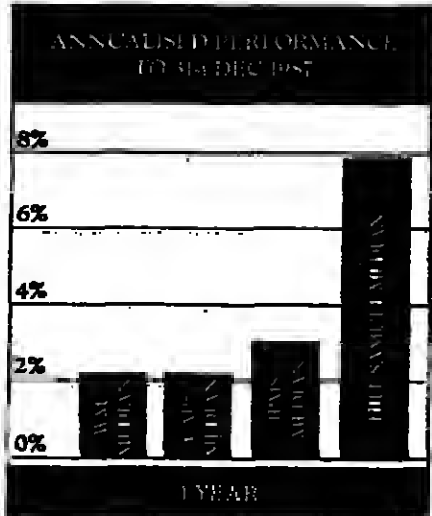
Operating profits were £3.2m (£2.7m) and there was a £255,000 (nil) interest charge. Taxation of £1.1m (£1.1m), earnings per share were 12.7p (10.3p) and there is a 1.5p (1p) dividend.

By buying more higher-yielding convertible preference shares, Tunstall has washed the cost of its investment in Sound Diffusion but not resolved the dilemma over what to do about it. Prolonged confusion over Sound Diffusion's accounts means the company's price-tag is anybody's guess, but it must look more damning with Mr Macdonald at the helm than when the company was under the previous beleaguered management. Meanwhile, Tunstall's own performance is solid if unexciting: it would generate more interest if it could establish a convincing foothold in the fast-growing, but difficult to crack, market for alarm systems in private sheltered housing. Analysts expect full-year profits of about £7m, which puts it on a prospective p/e of about 15 - fully valued.

Don't misread our performance figures. We're really cautious, careful and rather restrained.

Look at our performance figures for last year.

As you can see Hill Samuel Investment Management Funds (median) were way ahead of the average as measured by all three industry measures. To take but one, C.A.P.S. measured a 2.1% growth for all funds while Hill



Yes, you could read these figures as implying that growth is

very important to us. And indeed it is. But it is growth achieved by a judicious balance of caution and initiative; by experience and knowhow; and by a very careful restructuring of our company over

the past 2 years. And, our two and three year performance is equally good. Over the periods '86-'87 and '85-'87 we outperformed the W.M. Weighted Averages, the I.P.M.S. Means and the C.A.P.S. Medians!

If you would like to know how such restraint can produce such exciting performances just ring Alan Henson on 01-628 8011 or write to us at the address below.



Hill Samuel Investment Management Ltd., 45 Bech Street, London EC2P 1LX.

Hartwell profits advance 59%

Hartwell, Oxford-based motor distribution, heating services and property group, yesterday revealed a 59 per cent expansion in taxable profits for the year to end-February 1988.

The pre-tax outcome, up from £8.1m to £9.7m, was posted on external sales, excluding car tax and VAT, of £322.8m (£272.8m) and followed a 77 per cent profits growth at the midway stage.

The directors said that the present high level of business confidence and consumer spending had beneficial effects on the motor sector and they expect profits to advance in the current

year. New car sales increased by just over 18 per cent to 25,884, with 0.5 per cent attributable to acquisitions, while sales of used cars rose 14.5 per cent to 13,662. The commercial vehicle side also showed an improved performance with sales up by over 25 per cent to 3,765. Better margins were achieved in both workshop and parts turnover.

The directors were considering prospects for future expansion in the light of Ford's decision to revise its franchising rules. These rules will now permit the group to hold up to eight Ford dealerships.

The heating services division contributed pre-tax profits of £367,000, down from £1.6m last time reflecting market price competition and reduced bulk fuel oil sales.

Referring to the property side, the directors said total rents received rose to £1.3m (£856,000). Good progress had been made on the Abingdon Marina with 27 houses sold in the year, making £8 to date.

After tax of £3.2m (£2.2m), earnings per share worked through at 5.1p (3.6p). A final dividend of 1.9p is proposed, making 2.6p (2.2p) for the year.

Frank Gates expands to £2.02m

Frank G. Gates, Ford main dealer, increased its 1987 turnover by £11.5m to £59.6m and its pre-profits by £567,000 to £2.02m after taking account of a £26,000 higher allowance to the profit-sharing scheme of £125,000.

The directors said that for the first time since 1979 the group had made a real net profit on the assets employed on new vehicles.

If the market remained buoyant, they saw no reason why Gates should not maintain a similar result for 1988. Meanwhile, the dividend for the past year is being lifted from an adjusted 3.2p to 4.2p.

Further expansion by Acis

BY NBOQ TAIT

Acis Group, the former jewellery retailer which is being turned into a marketing services company by South African businessman Mr Darryl Phillips, yesterday announced that it was buying United Media, which sells advertising space on theatre ticket wallets and hotel key cards, for a maximum of £200,000. This is the third acquisition announced by Acis since Mr

Phillips moved into the company in June 1987. As with many shell situations, original expansion plans at Acis were hit by the October stock market crash.

Acis will pay £100,000 for UM - either in cash or shares, as it decides. A further consideration of £200,000 becomes payable - also in shares or cash - if warranted profits of £100,000 before tax are achieved for the year to end-March 1988.

According to Acis, United Media has exclusive two-year contracts in relation to about 140 UK theatres and hotels, and its contracts with advertisers have an estimated billing value of £140,000 after sales commissions. The company has been running for about a year.

Canseway corporate finance division

Canseway Capital is setting up a corporate finance advisory company with Mr Malcolm Davidson, as present an executive director of Samuel Montagu's corporate finance division, as managing director.

The chairman of the new company, which will provide advice to small and medium-sized quoted and unquoted companies on capital raising, reconstruction, mergers, acquisitions and sales, will be Mr David Secker Walker, a co-founder of Canseway in 1983.

Wheway profits leap to £1.92m

ACQUISITIONS made in January 1988 helped Wheway achieve sharply higher results for the six months ended April 2. The building products, distribution and commercial engineering and computer support group boosted pre-tax profits from £751,000 to £1.92m on turnover up 26 per cent from £28.5m to £36.6m.

The two newly acquired companies - Interflita, designer and manufacturer of commercial and industrial air filters, and Cold Bentley, distributor of engineering and mechanical products - accounted for £245,000 of the total operating profit of £2.25m (£1.1m). After tax of £518,000 (£180,000), earnings worked through at 3.41p (1.74p) and the interim dividend was raised 38 per cent to 0.5p (0.37p).

Mr Ted Jaynes, chairman, said he was confident that the strong demand currently being experienced by almost all group companies would be maintained throughout the year. The board was also continuing to search for additional ways to expand

Erith sees record half

Profits for the first half at Erith, Hitchin-based builders' merchant, are expected to be a record, Mr Graham Davies, the chairman, told the annual meeting.

He said that indicators and forecasts, such as house prices, mortgage availability, home buying aspirations of younger people and the Budget all pointed to continued buoyancy.

Mr Davies said that the board would continue to seek new sites to improve existing outlets and, where terms were favourable, to buy established businesses.

Atlanta agency buy takes Gold Greenlees into US

BY FIONA THOMPSON

Gold Greenlees Trot, the advertising agency known for its Toshiba, Holsten Pils and Honeywell campaigns, is expanding into the US with the acquisition of Rabbitt & Reiman, an Atlanta based advertising agency. GGT will pay up to \$3.6m (£2.9m) for the company.

Rabbitt & Reiman employs 24 staff and its 15 clients include Days Inns, Coca Cola Enterprises, RJR Malbeco and Del Taco, a Mexican fast food chain.

Since its inception in March 1986 up to March 31 1988, Rabbitt & Reiman has incurred a \$205,000 loss on total turnover of \$7.5m. However, Mr Matthew Allen, GGT's development director, said Rabbitt's revenues had doubled in the past six months and he was satisfied that it was now operating profitably.

GGT intended to build a network of agencies, ideally four or five, in the main regions of the

US, said Mr Allen.

The payment for Rabbitt & Reiman will include:

- An \$50,000 cash sum on completion.
- A payment three times the adjusted pre-tax profits for the period ending April 30 1988, but not to exceed \$1.0m.
- If profits for the period ending April 30 1989 exceed \$350,000, then a sum of \$75,000 in cash to be paid.
- If adjusted pre-tax profits for the year to April 30 1990 exceed \$500,000, then a further sum of up to \$150,000 in cash to be paid.

In addition, the vendors will enter into five-year non-competition agreements for which they will receive a total of \$1.5m.

GGT, within the top 20 UK advertising agencies, reported profits of £2.4m on £7m turnover for the year to June 30, 1987. Analysts are looking for turnover in the region of £90m this year.

Moss Trust purchase

Moss Trust, USM quoted advertising agency formerly known as Moss Advertising, is strengthening its presence in the capital through the acquisition of 50 per cent of Wood Newbold. The maximum consideration is £0.25m. Moss said it would soon announce acquisitions in Edinburgh and Birmingham - it is already represented in Leeds, Sheffield, Leicester and Newcastle. Wood Newbold's annual turnover is estimated at about £2m.

Fulcrum Inv Trust

Net asset value per income share of Fulcrum Investment Trust stood at 43.69p at April 30 1988, compared with 42.58p in 1987. The interim dividend is being raised to 2.5p (2.4p).

J S Pathology

J S Pathology increased its profits from £3.02m to £4.1m pre-tax for the year to end-March 1988. Turnover rose by £2.61m to £10.01m.

Earnings were 20.1p (15.8p) and a final dividend of 3.7p raises the total by 1p to 5.2p.

Holmes & Marchant rises 39% to £1.9m

BY VANESSA HOULDER

A STRONG performance from the design division helped Holmes & Marchant Group, the marketing consultancy group, lift pre-tax profits by 39 per cent to £1.91m (£1.37m) for the half year to March 31 1988. Turnover also rose by 39 per cent, from \$8.2m to £12.28m.

Mr John Holmes, group chief executive, said that it had been a busy period with all parts of the business doing well. Prospects for the second half looked very good, he added.

The most important contributor was the design division, which boosted profits by about 30 per cent. Making two acquisitions during the period, the design division accounted for half the group's turnover and more than 80 per cent of pre-tax profits. The £50,000 invested over the past year in computer-aided design equipment has provided major benefits to the business, said Mr Holmes.

Sales promotion, responsible for 20 per cent of group profits, lifted its own profits by 40 per cent. The PE division, which was expanded by the acquisition of Counsel in January, increased profits by 35 per cent. Following a slow start to the year, the specialist advertising division

increased profits by 10 per cent. The results of the three acquisitions have been incorporated from their respective dates of acquisition and they contributed pre-tax profits of about \$90,000.

Earnings per share increased by 39 per cent to 11p (7.8p). An interim dividend of 2.45p (1.75p) has been declared.

Increased profits by 10 per cent. The results of the three acquisitions have been incorporated from their respective dates of acquisition and they contributed pre-tax profits of about \$90,000.

Earnings per share increased by 39 per cent to 11p (7.8p). An interim dividend of 2.45p (1.75p) has been declared.

These pleasing figures in large part reflect the growth of the design industry, which, thanks to the style-conscious 1980s, has been expanding at a rate of 30 per cent a year. It is a highly fragmented industry - Holmes & Marchant reckons that it is the seventh largest design company with just 1 per cent of the market - but this may be set to change.

Holmes' edge, it believes, comes from its enthusiastic use of computers. These, it finds, can radically improve its productivity - allowing it to take on large contracts it previously turned away. And that in turn may increase the pressure on companies that cannot afford them. This could provide the large players with a classic opportunity to expand by acquisition. However, the company's ambitions are not just confined to the design industry. Since its flotation in 1985, it has amassed a complete range of marketing services and now it would like to add an advertising business to complete the set. In the short term, its ambitions are limited to the UK, although it has plans to expand first in Europe and eventually in the US. Meanwhile, a strengthened management team should ensure continued strong organic growth and pre-tax profits for the full year of \$4.4m. That puts the shares, up 4p to 27p, on a prospective p/a of 11, in line with the sector.

This advertisement complies with the requirements of the Council of The International Stock Exchange, London



Arab Banking Corporation (B.S.C.)

(Incorporated with limited liability in The State of Bahrain)

U.S. \$ 100 Million Floating Rate Notes Due 1996 and U.S. \$ 150 Million Floating Rate Notes Due 2000

It is hereby announced to the holders of the U.S. \$ 100 million floating rate notes due 1996 and to the holders of U.S. \$ 150 million floating rates due 2000 issued by Arab Banking Corporation (B.S.C.) that the audited annual report and accounts for the year ended 31st December 1987 of Arab Banking Corporation (B.S.C.) are available and copies may be obtained from the Bank at the following address in Bahrain:

Arab Banking Corporation (B.S.C.) P.O. Box 5698, Manama, State of Bahrain or through the branch of the company at its address in London: Arab Banking Corporation (B.S.C.) ABC House, 1-5 Moorgate, London EC2R 6AB, England

COMMERZBANK OVERSEAS FINANCE N.V.

U.S. \$ 100,000,000 Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby given that for the six months period from May 15, 1988 to November 21, 1988 the Notes will carry an interest rate of 90% per annum with a coupon amount of U.S. \$ 16.67 on U.S. \$ 10,000.- and U.S. \$ 2,583.33 on U.S. \$ 50,000.-.

Frankfurt/Main, May 1988
COMMERZBANK
AG

BP Minerals International Limited (formerly Selection Trust Limited)

The report and accounts of the Company for the year ended 31 December 1987 together with that of its ultimate holding company, The British Petroleum Company p.l.c., are available upon application to:

The Secretary, BP Minerals International Limited, Belgrave House, 78 Buckingham Palace Road, London SW1W 0SX

GRANVILLE SPONSORED SECURITIES

High Low	Company	Price	Change	Div (p)	%	P/E	
220	285	Am. Bril. Ind. Ordinary	220	0	8.7	4.0	8.2
220	185	Am. Bril. Ind. C.I.S.	220	0	10.9	4.5	-
36	25	Armstrong and Rhoads	36	0	-	-	-
57	50	B&B Drage group (OSM)	50	0	2.1	4.1	8.0
162	155	Barton Group	159	0	2.7	1.7	27.2
108	100	Barton Group Com. Pref.	108	0	6.7	6.7	-
148	137	Bry Technology	142	-1	5.2	3.7	10.2
124	120	Bunhill Com. Pref.	124	0	11.2	30.4	-
263	246	CCJ Group Ordinary	263	-1	12.3	4.7	6.7
133	124	CCJ Group 11% Conv. Pref.	133	-1	14.7	11.1	-
147	129	Carbo Pte (ES)	147	0	6.1	4.1	9.2
111	100	Carbo 7.5% Pref (ES)	111	0	18.3	9.3	-
231	147	George Blair	231	-1	3.7	1.6	6.4
95	90	Isis Group	95	-1	-	-	-
94	87	Jackson Group	90	-1	3.4	3.3	9.9
340	245	McAlpine NV (AmstSE)	330	0	10.4	3.2	13.1
52	40	Robert Jordan	46	-1	5.5	4.4	2.4
124	124	Saxons	124	0	7.7	3.8	7.7
204	194	Taylor & Carlisle	201	0	7.7	3.8	7.7
74	56	Trevelyan Holdings (ESM)	72	0	2.7	3.0	7.7
108	100	Victorian Energy Com Pref.	108	0	8.0	7.4	-
282	203	W. S. Vavas	282	0	26.2	5.7	7.9

Securities designated (SE) and (ESM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co nor Granville Davies Ltd are market makers in these securities.

Granville & Company Limited
1 Lower Lane, London EC3R 8EP
Telephone 01-621 1212
Member of TSA

Granville Davies Limited
1 Lower Lane, London EC3R 8EP
Telephone 01-621 1212
Member of the Stock Exchange & TS&E

Finance

For Property Development, Management Buy-Outs, PLC Takeovers, Company Restructuring and Financial Services. No unnecessary red tape and direct access to the people who will construct a fast efficient and totally discreet service. Minimum £2m.

Overseas
CIBC World Bank Group
75-80 Wigmore Street, London W2 2AG
Tel: 01-629 8274
Ask for GP or CB

Nota Nazionale per l'Energia Elettrica (ENEL)

Yen 10,000,000,000 Guaranteed Floating Rate Notes Due 1992 Unconditionally and irrevocably guaranteed as to payment of principal and interest by The Republic of Italy

Notice is hereby given that the Note of Interest has been fixed at 4.95% and that the interest payable on the relevant Interest Payment Date November 25, 1988 against Coupon No. 2 in respect of ¥10,000,000 nominal of the Notes will be ¥250,890.

May 24, 1988, London
By: Citibank, N.A. (CISI Dept.), Reference Agent CITIBANK

INTERNATIONAL APPOINTMENTS

APPOINTMENTS

British Coal group general managers

BRITISH COAL has made the following appointments, all from next January 1. Mr George McAlpine, director Scottish area, to be group general manager, Scottish group. Mr Michael Haynes, deputy director (mining), North Yorkshire area, to be group general manager, North East group. Mr Frank Middleton, general manager, Kent coalfield, to be group general manager, North West group. Mr Terence Wheatley, assistant director (operations) East Wales, South Wales area, to be group general manager, South Wales group.

Following the acquisition of PHILLIPS & DREW (C.I.) by Bank Cantrade, which is 85 per cent owned by Union Bank of Switzerland, the following board changes have been made. Mr Barry Ching and Mr Peter Stone, Mr Gordon Dryden has joined the board as a non-executive director. Prior to his recent retirement he was a director of Morgan Grenfell & Co, London.

Mr Ian Eggleston has been appointed to the board of NATIONAL STARCH AND CHEMICAL. He is business manager, and becomes director-adviser.

Mr Jon Szegota has been appointed to the board of MOTHERWELL BRIDGE HOLDINGS has appointed Mr J.C.A. Crawford, group managing director, as deputy chairman.

Mr Robin R. Snook, deputy general manager, MORGANTILE AND GENERAL REINSURANCE, will be retiring on December 31. He is head of the general division and will be succeeded by Mr John O. Austin.

Mr Barry Baseley has been appointed sales and marketing director, graphics division, and

Mr Bob Higgs becomes business development director, stationery division, at ABELSCOT GROUP. Mr Baseley joins from Bostik and Mr Higgs from Brunton & Williams.

GOODMANS, Havant, has appointed Mr Peter Stott as commercial director.

Mr Paul Saunders has been appointed general manager of CITY OF WESTMINSTER ASSURANCE, subsidiary of AGF Holdings (UK), itself a subsidiary of Assurances Generales de France. He joins from Imperial Trident Life, where he was sales and marketing director.

Mr Andrew McCall has been appointed development director of MOORGATE DESIGN. He joins from Tayburn Design Group.

Mrs Pat Bernard has been appointed financial director of VIKING POLYTHENE, part of the Viking Packaging Group. She was chief accountant and company secretary.

Mr Nicholas Goodman has been appointed by WEDLAKE BELL to lead its newly-formed insolvency department. He was partner with Wilkinson & Grist, Hong Kong.

Mr Mike Rigby has been appointed a director of THURGAR BARDEX, and deputy managing director of the window group.

Ms Pat Davies has been appointed managing director of CONFERENCE ASSOCIATES, a W.A. Holdings company. From July 1 she will succeed Ms Anthea Fortescue, who founded the company, who becomes a consultant.

Mr Harry McKeever has been appointed group marketing director of THE LEWIS GROUP, debt collectors, he was general manager with Royscot Retailer Services.

Tamar Mortgage Company No. 2 Limited

a subsidiary of

THE MANUFACTURERS LIFE INSURANCE COMPANY

£250,000,000

Syndicated Loan Facility

arranged by

N M Rothschild & Sons Limited

Lead Managers

The Bank of Nova Scotia

Commerzbank Aktiengesellschaft
London Branch

Deutsche Bank Aktiengesellschaft
London Branch

Co-Lead Managers

Bayerische Hypotheken-und Wechsel-Bank Aktiengesellschaft
London Branch

The Fuji Bank, Limited

The Royal Bank of Canada

Swiss Bank Corporation

Manager

N M Rothschild & Sons Limited

Co-Managers

Banco di Napoli

Banco di Roma
London Branch

Banque Nationale de Paris p.l.c.

Bayerische Vereinsbank Aktiengesellschaft
London Branch

Commonwealth Bank of Australia

First Interstate Bank of California

National Australia Bank Limited

Swiss Volksbank

The Taiyo Kobe Bank, Limited

TSB Scotland plc



Agent

N M Rothschild & Sons Limited

May, 1988

Western Trust & Savings Limited

is pleased to announce that

it will be acting as mortgage originator and servicer for

Tamar Mortgage Company No. 2 Limited

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE

(London Paris New York)

IN AID OF

THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

To sponsor the FT athletes please contact:-

Tim Kingham or Cliff Crofts on 01-248 8000 or write to them at:-
Financial Times, Bracken House, 10, Cannon Street, London, EC4P 4BY.

THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-PERRIER FT CENTENARY PINK CHAMPAGNE.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



Banque Indosuez

U.S. \$200,000,000

Floating Rate Notes due 1997

For the three months 19th May, 1988 to 19th August, 1988 the Notes will carry an interest rate of 7 1/2% per annum and coupon amount of U.S. \$200.45 per U.S. \$10,000 Note, and U.S. \$5,011.28 per U.S. \$250,000 Note.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

SEEING IS A COLD WET NOSE



Guide Dogs for The Blind have 6,000 wet noses. The Blind need thousands more!

This advertisement is all about seeing and how you can help. The Association needs your contributions towards breeding, training and maintaining more Guide Dogs. Your donation will be devoted to giving the blind the eyes they need. Eyes with a cold wet nose! These are some ways in which we put your money to good use:

- £5 helps to keep a guide dog for a week.
- £250 helps to rear a puppy.
- £10 pays for his leash, collar and chain.
- £500 gives basic training.
- £25 is the cost of the harness.
- £1000 sponsors a guide dog.

Please fill in the coupon below to provide more eyes with a cold wet nose for the blind.

THE GUIDE DOGS FOR THE BLIND ASSOCIATION, ALEXANDRA HOUSE, 9 PARK STREET WINDSOR, BERKSHIRE SL4 1UR. TEL: (0753) 857111

Enclosed my donation for £..... Expiry date of Card

Please change my Access/Visa Card No.....

Please send details of making a Gift/Charity in your Year

Please send more information about your work

Signature.....

Name.....

Address.....



A FINANCIAL TIMES CONFERENCE

World Pulp & Paper Conference

Hotel Inter-Continental, London
6 & 7 June, 1988

The Financial Times and the European Paper Institute have joined forces to hold the latest in this high-level series of World Pulp and Paper events. The 1988 conference is held at a time of growing internationalisation in the pulp and paper industry. Cross-border investment and mergers are changing the pattern of competition in the markets of Europe, North America and the developing world. There is also the challenge from enlarged trading blocks such as the Community's move to a single market and the US/Canada free-trade agreement.

Speakers taking part include:

- Mr Don Aurell
North British Newspaper
- Mr Hugh Fletcher
Fletcher Challenge Limited
- Dr Hartwig Geginat
Feldmühle AG
- Mr Francisco Gros
Araucos Celulosa S.A.
- Mr Bruce Kirk
Göteborg, Sweden & Co
- Dr Bo Mannström
Cy Rekuperatoriska
- Dr Siegfried Mayser
Leykam-Märzler Papier und Zellstoff AG
- Mr Jorge Nunez
Tornas Hestrich, s.a.
- Mr George S Petty
Papap-Enterprises Corporation Inc
- Mr Pentti O Rautalahti
Valmet Oy
- Mr Dermot F Smurfit
Jefferson Smurfit Group plc
- Mr John Worlidge
The Wiggins Teape Group Limited
- Mr Red Cavarey
American Paper Institute
- Mr David Clark
European Paper Institute
- Mr Luis Deslandes
Sociedade Portuguesa de Celulose, S.A.

World Pulp & Paper Conference

Please send me further details of the "WORLD PULP & PAPER" conference



Complete and return to: The Financial Times Conference Organisation
128, Jermyn Street, LONDON SW1Y 4LJ
Tel: 01-825 2323 Fax: 01-825 2125

Name.....

Position.....

Company.....

Address.....

Tel..... Fax.....

PLACER DOME INC.

NOTICE IS HEREBY GIVEN that a regular quarterly dividend, being Dividend No. 4 of 5¢ Canadian per Common Share, has been declared payable on June 20, 1988 to shareholders of record at the close of business on June 3, 1988.

Shareholders with addresses in the United States or Australia will be paid the equivalent amount in the currency of the respective country.

BY ORDER OF THE BOARD
John W.W. Hick
Senior Vice-President, Corporate and Secretary

May 30, 1988

Dresdner Finance B.V.

Amsterdam
DM 500,000,000.-
Floating Rate Notes 1985/1990

The rate of interest applicable to the interest period from May 24, 1988 to August 23, 1988, inclusively, was determined by Barclays Bank PLC, London, as Reference Agent to be 3 1/2% per cent per annum. Therefore, on August 24, 1988, the relevant interest payment data, interest per Note of DM 10,000 principal amount in the amount of DM 34.24 and interest per Note of DM 250,000 in the amount of DM 2,355.50 is due.

Dresdner Bank
Aktiengesellschaft
Principal Paying Agent

Prüfung am Main, in May 1988

Dresdner Bank Group

COMMODITIES AND AGRICULTURE

LME stocks fall boosts nickel

BY KENNETH GOODING, MINING CORRESPONDENT

THE CASH price of nickel jumped by \$600 a tonne to \$18,100 on the London Metal Exchange yesterday following news that stocks in LME warehouses had dropped below 2,000 tonnes and suggestions that some traders would be short of material until the end of this month.

In contrast, the price of zinc was taking the view that the supply situation would soon ease and the price of nickel for delivery in three months slipped by \$75 to \$13,575 a tonne.

This widened the backwardation (premium for cash metal over three-months) from \$3,150 to \$4,125 a tonne.

Looking ahead, the market is expecting the dispute over export duties which has held up nickel shipments from the Dominican Republic by Falconbridge, the Canadian group, to be settled soon.

Many traders also believe that Inco, the Canadian group which is the world's largest nickel producer, will be able to conclude current labour negotiations without disruption to output.

However, in its quarterly report on nickel yesterday, Shearson Lehman Hutton, pointed out that, although prices are unrealistically high from any long-term perspective, they are still high in the market to do so. Prices rise from their current inflated level and we do not rule out nickel making new highs in the summer.

The price of three-month metal could range between \$7 a lb

(\$15,400 a tonne) and \$10 a lb (\$22,000), said Shearson. Cash prices could exceed \$12,500 a lb (\$27,500) if there are further interruptions to supply.

There is likely to be a supply deficit of 10,000 tonnes this year following one of 45,000 tonnes in 1987, Shearson added.

So, even if all goes well on the supply front, the nickel price is unlikely to drop below \$4,500 a lb (\$9,500) compared with an average LME cash price of \$2,025 a lb (\$4,450) in May last year.

Shearson was also bullish about the prospects for zinc, another metal which has performed very strongly so far this year. Analyst Mr Neil Buxton suggested that in the second quarter the LME price would consolidate recent gains.

The market would be under-supplied for the seventh year in a row, by an estimated 30,000 tonnes of zinc, he predicted.

The zinc cash price rose by £20 a tonne to \$665 yesterday even though LME stocks increased by 4,675 tonnes last week to 35,575 tonnes. The three-month price was up £1 at \$630.50 a tonne.

LME WAREHOUSE STOCKS
(Change during week ended last Friday)

Aluminium standard	+175	to 31,450
Aluminium high grade	+2,750	to 14,850
Copper Grade A	+10,000	to 26,825
Lead	+300	to 27,400
Nickel	-504	to 1,998
Zinc	+4,675	to 35,575
Tin	-500	to 17,225
Silver (oz)	-89,000	to 16,872,000

Platinum market plans to widen pricing system

BY KENNETH GOODING

THE London Platinum and Palladium Market is to enlarge its current London quotations system into a fully-fledged fixing for both metals.

"We believe that the developments will add a new dimension to the platinum and palladium trading in reality it will involve a world-wide participation and facilitate much wider dealing opportunities," says Mr Robert Beale, managing director of Samuel Montagu, a founder-member of the market.

The news coincides with a surge of interest in platinum. The metal, after strong support last week, came in for more heavy speculative buying from the Far East yesterday.

Traders said there was continuing concern about possible interruptions to supply from South Africa, which provides about 80 per cent of the western world's needs, in spite of

assurances from the highest level that there will be no retaliation to any trade measures the US might take.

Platinum was fixed in London at \$375.50 a troy ounce yesterday morning, its highest level for seven months. Profit-taking took the price down to \$371 in the afternoon but this still left the price well ahead of the \$358.25 on Friday.

The more substantial pricing mechanism to be introduced by the LPPM will involve two daily fixings in which the eight members of the London-Zurich Good Delivery Agreement will take part, rather than only Samuel Montagu and Ayrton Metals.

Fixings will be by telephone conference calls, not a formal meeting of member-companies. No starting-date has been settled but Mr Beale says only minor details remain to be dealt with.

US sales anger Malaysian tin miners

MALAYSIAN MINERS are accusing the US of jeopardising efforts to normalise the tin market by selling more tin in 1988 and last year than agreed, reports Reuter from Kuala Lumpur.

"Despite their argument that their disposal does not exceed 3 per cent world supply, it still violates the very spirit of the memorandum of understanding and could very well disrupt the world tin market," Mr Ibrahim Meminda, president of the States of Malaya Chamber of Mines, said at a meeting.

He said the US General Services Administration sold 5,400 tonnes in 1988 and 4,080 tonnes last year.

The US which holds 170,000 tonnes of tin, had agreed in a memorandum signed with the six-member Association of South East Asian Nations in 1983 - to limit annual GSA sales to 3,000 tonnes, he said.

Asean's main producers are Malaysia, Indonesia and Thailand, which produce the bulk of world tin.

Mr Ibrahim said stocks would reach a price-sensitive level by the year's end if non-members of the Association of Tin Producing Countries stuck to output quotas.

Brazil and China, in particular, would be unlikely to be uncertain factors in 1988's production equation," he said.

The association, which groups the three Asean producers and Zaire, Australia, Bolivia and Nigeria, has controlled exports since March 1 last year.

Mr Ibrahim said some association members were unlikely to fulfil their 1988 output quota allocations and the supply deficit should therefore result in faster depletion of stocks.

"As the overhanging stocks are gradually reduced, we should see higher prices over the next few months," he said.

Malaysia has told its tin miners to prepare for a completely free market with no government intervention at the end of the supply control scheme operated by the ATPC.

Malaysian Primary Industries Minister Lim Keng Yaik said at a lunch with miners that although the scheme to limit market supply was likely to last longer than the planned 30 months from March 1 last year, they must be alert to market conditions.

"In the shorter term, the scheme would go on to achieve market normalcy... in the longer term, miners will have to fend for themselves in a totally free market situation," he said.

He said latest figures showed world stocks at the end of February had fallen to 47,500 tonnes, from 73,000 tonnes before the association introduced export quotas.

David Richardson takes a look at the progress of perestroika on a Ukrainian farm

The long road to Soviet self-sufficiency

VASILII ILYICH NIKITIN is one of 700 members of the Jdanov collective farm near Chernoviz in the Soviet Ukraine. His stocky, fit figure belies his 58 years and his weather-beaten face leaves no doubt he is a man of the soil.

When he smiles three gold teeth give a clue to his breeding. For Mr Nikitin is from Moldova, the small Soviet republic to the south of the Ukraine and bordering Romania and the Carpathian mountains. Indeed Romanian is his first language; his Russian is halting and hesitant.

He came to the Jdanov collective as a machinery maintenance man in the late 1950s and 12 years ago was made leader of a team, called a brigade, of 23 mechanics who maintain machinery which works 1,100 hectares of the co-operative's 4,000 ha.

By UK standards that would be seen as wildly excessive. On a similar farm growing the same range of crops - cereals, sugar-beet, peas and grass for cattle and sheep fodder - only two or three maintenance men would be employed. But that takes no account of the fact that Soviet-made machinery is notoriously unreliable.

Western observers say that when combine-harvester fleets are sent to gather Soviet grain, half do the work while the rest provide spare parts to keep them going.

To be fair, Mr Nikitin did not quite admit to that when the proposition was put. However, he

did say that since perestroika state-supplied machinery had been "a bit better".

His wage has doubled over the past few years to a basic 180 rubles a month. He also receives an extra month's salary a year for responsibility and a bonus based on the efficiency of the machinery under his charge.

A 23-man maintenance team would be regarded as wildly excessive on a similar British farm, but Soviet-made machinery is notoriously unreliable

To put that pay level into perspective it is necessary to know what it will buy. This is a little difficult in an economy where the official tourist rate is 13 roubles to the pound sterling but where teenage boys on Moscow Metro will illegally offer five roubles to the pound to give them or their clients access to hard-currency shops.

Suffice it to say that this month a kilogram of fat pork was selling in state shops at five roubles and rather better stuff in open markets at nearer 10 roubles. The latest small Lada car, I was told, cost 9,700 roubles, but the waiting-list is from one to five years.

Mr Nikitin did not have a car.

Like tractor-drivers on his collective were making up to 400 rubles a month, now that new

profit-related payment schemes were being adopted. However, at his age he was saggy with his status and pay and saw no reason to complain.

He earned a little extra from his garden, or private plot as it is officially known. The plot, though only a quarter of a hectare, carried a cow, two pigs and some laying-hens as well as growing sweetcorn, vegetables and fruit. Any produce surplus to his family's domestic needs was sold at the local market by his wife.

He and his family seemed to live comfortably in a tidy little house they had built a few years ago with the aid of a loan from the collective. The house, built with an asbestos roof, like most of its neighbours, was carpeted and furnished throughout. It contained a television set and a hi-fi, though water was drawn from a well in the garden.

The Ukraine is one of the Soviet Union's most favoured farming areas: the fields are big, the soil is good and the climate is conducive to reasonable yields. Like farmers everywhere, however, Ukrainians complain - and Mr Nikitin is no exception - of a little more rain in summer.

In the past, inept political management, the late arrival of fertilisers and the absence of real incentives for workers to do a good job has inhibited farm production. It would appear that the Ministry of Agriculture in Moscow has been simplified in its

Canadian forestry faces environmental onslaught

BY DAVID OWEN IN TORONTO

CANADA'S FOREST products industry, having recently profited from an extended spell in the financial doldrums, is facing increasingly vigorous attacks from environmentalists.

The onslaught covers a variety of issues from excessive timber wastage to the nature of pulp-mill discharge.

It comes at a time continuing labour talks are combining with higher stumpage fees and the buoyant Canadian dollar to raise questions on the longevity of the sector's current upswing.

The main areas of concern include:

- The finding, by an independent inquiry in the wake of allegations of poor forest management by Vancouver-based MacMillan Bloedel, that residue volumes on some operations in 1986 were indeed above acceptable levels.
- MacMillan Bloedel was only marginally worse than the other major licensees in the Queen Charlotte Forest District, the report added.
- Opposition by an environmentalist-native Indian coalition fighting proposals to build a logging road into British Columbia's Stein River Valley, citing the region's special natural and spiritual value.
- Fletcher Challenge-controlled British Columbia Forest Products has been trying to obtain access to the Stein since the early-1970s.
- An Ontario Government report which has urged the province's nine kraft pulp-mills to act quickly to cut their daily discharge of 33 tonnes of chlorinated chemical contaminants. Environmental rules for such mills are more stringent in the US than in Canada, the report says.
- Finally, Greenpeace, the environmental group, is stepping up pressure to eliminate dioxins from pulp-mill effluents throughout North America.

"There is enough evidence to be certain that chlorinated dioxins are an unwanted by-product of all pulp and paper mill production processes using chlorine," the group said in a recent report.

"The levels of dioxin being found near pulp-mills suggest a public health emergency in North America."

Pakistani wheat survives drought

BY CHRISTINA LAMB IN ISLAMABAD

PAKISTANI WHEAT crop is thought better than expected after the worst drought in 10 years. Mr Ibrahim Baloch, federal farm minister, says this year's crop should be 12.5m to 13m tonnes, meaning need to import 1m tonnes to 1.5m tonnes. Last year 12.2m tonnes were produced and 1m tonnes imported.

Punjab, the main wheat-growing province, is said to have produced more than 8m tonnes. Estimates for the other provinces are 2.1m tonnes in Sind, 854,000 tonnes in North West Frontier and 452,000 tonnes in Baluchistan. Exact figures should be known by the end of July.

Zambian farmers, blessed with good rains, expect to grow a surplus of maize for the first time in five years, reports Reuter.

They expect to double maize output this year to about 32m bags (198 lb each), leaving a surplus after local needs. They put output next year at 30m bags, stimulated by higher producer-prices announced this week.

Continued growth seen for Angolan oil output

BY VICTOR MALLET IN LISAKA

ANGOLA'S OIL output is expected to continue rising steadily in the next few years, the reaching even higher levels than those predicted a year ago, say oil-industry executives in Luanda, the capital.

Angola is the second-largest producer in sub-Saharan Africa, after Nigeria. Output has now risen to about 450,000 barrels a day, from 350,000 bpd last year and 134,000 bpd at the start of the decade. Next year the figure could rise to 500,000 bpd. Reserves stand at more than 2bn barrels.

The oil business, protected by Cuban and Angolan troops from rebel attacks, is concentrated in northern Angola and has been largely untouched by civil war and the country's economic collapse since independence in 1975.

Exploration for Angola's relatively good-quality and easily-accessible oil continues rapidly. Total investment in the sector between 1986-90 is about \$3bn (£1.5bn). Oil earns about 85 per cent of Angola's foreign exchange and brought in about \$2m last year.

The 5 per cent output restraint offered by Angola and other non-

WORLD COMMODITIES PRICES

LONDON METAL EXCHANGE

Close	Previous	High/Low
May 22	935	938 928
Jun 1	942	951 932 940
Sep 1	961	970 971 959
Dec 1	988	988 988 978
Mar 1	1004	1013 1012 1004
Jun 1	1023	1032 1022 1022
Oct 1	1042	1052 1042

COFFEE C/D

Close	Previous	High/Low
May 22	1081	1070 1090
Jun 1	1088	1078 1098
Sep 1	1079	1068 1074
Dec 1	1080	1086 1108 1085
Mar 1	1105	1108 1113 1103
Jun 1	1115	1115 1113
Oct 1	1125	1125

LONDON METAL EXCHANGE (Prices supplied by Antwerp/Amsterdam Metal Trading)

Close	Previous	High/Low	AM Official	Herb	Open Interest
Aluminium, 99.7% purity (50 per tonne)	3120-30	3040-70	3060-25	3405-25	4,818 lots
Cash	3120-30	3040-70	3060-25	3405-25	
3 months	3082-52	2989-50			
Aluminium, 99.5% purity (50 per tonne)	1855-60	1715-25	1810/1820	1810-5	
Cash	1855-60	1715-25	1810/1820	1810-5	
3 months	1820-4	1713-28	1810/1820	1810-5	
Copper, Grade A (50 per tonne)	1337-4	1340-8	1337/1314	1314-6	
Cash	1337-4	1340-8	1337/1314	1314-6	
3 months	1314-4	1187-9	1330/1147	1191-2	
Copper, Standard (50 per tonne)	1185-65	1185-65	1180-70	1180-70	
Cash	1185-65	1185-65	1180-70	1180-70	
3 months	1115-25	1125-85	1110-20		39 lots
Silver (50 centimetre ounce)	674-4	682-5	674-4	682-5	854 lots
Cash	674-4	682-5	674-4	682-5	
3 months	684-5	674-7	683-4		
Lead (50 per tonne)	301-3	312/310	301-3	312/310	
Cash	301-3	312/310	301-3	312/310	
3 months	348-7	338-4	347/345	345-4	10,873 lots
Nickel (50 per tonne)	1800-200	1740-400	1790/1770	1770-20	
Cash	1800-200	1740-400	1790/1770	1770-20	
3 months	1380-400	1430-400	1430/1380	1400-400	5,457 lots
Zinc (50 per tonne)	685-7	645-7	685	685-0	
Cash	685-7	645-7	685	685-0	
3 months	630-1	629-30	640/594	624-6	20,205 lots

POTATOES C/D

Close	Previous	High/Low
Nov	88.0	89.0 88.0 88.0
Feb	98.5	100.0 98.0 98.0
Apr	128.0	134.0 133.0 128.0
May	140.0	144.50

BOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

US MARKETS

Close	Previous	High/Low
May 22	1081	1070 1090
Jun 1	1088	1078 1098
Sep 1	1079	1068 1074
Dec 1	1080	1086 1108 1085
Mar 1	1105	1108 1113 1103
Jun 1	1115	1115 1113
Oct 1	1125	1125

Chicago

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SPOT MARKETS

Cash	\$14.85-14.95	-0.20
Bank Blend	\$16.25-16.40	-0.24
W.T.1 (pm est)	\$17.37-17.42	-0.30

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 257.0
Dec	257.0	257.0 257.0
Jan	257.0	257.0 257.0
Feb	257.0	257.0 257.0
Mar	257.0	257.0 257.0
Apr	257.0	257.0 257.0
May	257.0	257.0 257.0
Jun	257.0	257.0 257.0

SOYABAN 5000 lb mtm centimetre bushel

Close	Previous	High/Low
Jul	257.0	257.0 257.0
Aug	257.0	257.0 257.0
Sep	257.0	257.0 257.0
Oct	257.0	257.0 257.0
Nov	257.0	257.0 2

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling up in thin trading

STERLING ROSE in thin foreign exchange trading. Most of Europe was closed for Whit Monday, and neither London nor New York were inclined to move the major currencies outside their recent narrow trading ranges.

There were no fresh factors, but the pound was underpinned by favourable comments in the UK press at the weekend. Sterling rose to DM3.18 in early London trading and remained around that level for most of the day, before closing at DM3.1825, compared with DM3.1700 on Friday.

UK gross domestic product growth rose 0.25 p.c. in the first quarter of 1988 according to figures released yesterday, compared with the last quarter of 1987, to give year-on-year growth of 4.63 p.c., against 5.18 p.c. growth in the previous quarter. In spite of the slow down, UK growth remains high, compared with most other European countries. This, coupled with other recent economic news, suggests problems with rising inflation, and is likely to increase the reluctance of the UK authorities to endorse another cut in bank base rates.

The market now waits for Friday's UK trade figures for April, and any sign of a widening current account deficit. But in recent months dealers have been prepared to ignore the UK trade position, in the belief that the UK Government will act.

£ IN NEW YORK

Table with columns: May 23, Latest, Previous. Rows: £/US\$, £/DM, £/Yen.

STERLING INDEX

Table with columns: May 23, Previous. Rows: 100, 100, 100, 100, 100, 100, 100, 100, 100, 100.

CURRENCY RATES

Table with columns: May 23, Bank, Special, European. Rows: Sterling, US Dollar, Australian, Canadian, Hong Kong, Japanese, Swiss, West German, French, Italian, Spanish, Dutch, Greek, New Zealand, South African, Cypriot, Irish, Lira.

CURRENCY MOVEMENTS

Table with columns: May 23, Bank, Special, European. Rows: Sterling, US Dollar, Australian, Canadian, Hong Kong, Japanese, Swiss, West German, French, Italian, Spanish, Dutch, Greek, New Zealand, South African, Cypriot, Irish, Lira.

OTHER CURRENCIES

Table with columns: May 23, £, S, DM, Yen, F Fr, S Fr, O Fl, Lira, C S, B S, P S. Rows: Argentina, Australia, Brazil, Canada, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Taiwan, Thailand, West Germany, France, Italy, Spain, UK, USA.

MONEY MARKETS

UK rates steady

INTEREST RATES were steady on the London money market yesterday, as dealers continued to look for guidance from the value of sterling on the foreign exchanges.

The pound was firm, but not to the extent where the market was expecting another early cut in UK bank base rates.

This situation appears to be evenly balanced, between upward pressure on sterling - pointing towards the possibility of lower base rates - and fear about inflationary pressure - indicating that rates should go up, rather than down.

Three-month sterling interbank finished unchanged at 7 1/4 p.c.

Discount houses seemed to be undecided about the future direction of interest rates, but showed no sign of being particularly nervous.

The houses were not anxious to part with bills. The offer of early official help yesterday did not result in a rush to sell bills to the Bank of England, and during the rest of the day the market did not sell any long dated bills to authorities.

The Bank of England initially forecast a money market short-run rate of 8.50m, but revised this to 8.00m at noon. Total help of £70m was provided.

An early round of help was offered, but the authorities did not operate in the market at that time.

Before Innes the Bank of England bought £125m bills outright, by way of £2m Treasury bills in band 1 at 7 1/4 p.c., and £118m bank bills in band 1 at 7 1/4 p.c.

In the afternoon the authorities purchased another £250m bills outright, through £27m bank bills in band 1 at 7 1/4 p.c., and £223m bank bills in band 2 at 7 1/4 p.c.

Late assistance of £250m was also provided. Bills maturing in official hands, repayment of late assistance, and a take up of Treasury bills drained £582m, with the unwinding of repurchase agreements on bills absorbing £116m. Exchequer transactions £355m, and bank balances below target £11m. These factors outweighed a fall in the note circulation adding £388m to liquidity.

In Tokyo Japan's three long-term credit banks are expected to leave their long-term prime rate unchanged at 5.5 p.c. in June.

FINANCIAL FUTURES

Wondering weather

THERE WAS a slightly firmer tone to sterling interest rate contracts on the Liffe market yesterday, although at least part of the improvement in gilt futures appeared to be the result of US weather forecasts, as gilts tracked US Treasury bonds.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

US Treasury bond futures picked up from a weak start, and long term gilt futures followed a similar pattern on Liffe. Three-month sterling deposit futures were boosted by a strong performance by the pound, although with delivery of the June contract only a few weeks away, traders suggested it will take another cut in base rates to push the contract much higher, and this appears doubtful within the given time scale.

On the technical side Barclays de Zoete Wedd noted that the underlying trend in gilt futures remains weak. BZW suggested that further tests of the lower support levels are likely, and that this will probably be found for the June contract at 119.15.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

Dealing of weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

FUTURES & OPTIONS. Established brokerage and investment firm, specialising in commodity and financial futures & options, would welcome discussions with intermediaries working in the UK and mainland Europe. Modern offices, London location. Full AFB membership. Please reply to box FS180, Financial Times, 10 Cannon Street, London, EC4P 4BY.

ISLE - OF - MAN. The Financial Times proposes to publish this survey on: TUESDAY 30TH JUNE 1988. For a full editorial synopsis and details of available advertisement positions, please contact: BRIAN HERON on 061-834 9381. Write to him at: Alexandra Buildings, Queens Street, Manchester, M2 5LF. Telex: 666813.

Table with multiple columns: Liffe FT-SE Index Futures Options, Liffe US Treasury Bond Futures Options, Liffe Eurodollar Options, Liffe Short Sterling, Liffe 3M Sterling, Liffe 6M Sterling, Liffe 9M Sterling, Liffe 12M Sterling, Liffe 18M Sterling, Liffe 24M Sterling, Liffe 36M Sterling, Liffe 48M Sterling, Liffe 60M Sterling, Liffe 72M Sterling, Liffe 84M Sterling, Liffe 96M Sterling, Liffe 108M Sterling, Liffe 120M Sterling, Liffe 132M Sterling, Liffe 144M Sterling, Liffe 156M Sterling, Liffe 168M Sterling, Liffe 180M Sterling, Liffe 192M Sterling, Liffe 204M Sterling, Liffe 216M Sterling, Liffe 228M Sterling, Liffe 240M Sterling, Liffe 252M Sterling, Liffe 264M Sterling, Liffe 276M Sterling, Liffe 288M Sterling, Liffe 300M Sterling.

FINANCIAL TIMES. I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0DD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO. FT 30 Jun 1394/1406 -9, FTSE 100 Jun 1744/1756 -12, WALL STREET Jun 1923/1937 -28, Sep 1904/1416 -9, Sep 1747/1769 -12, Sep 1937/1951 -28. Prices taken at 5pm and change is from previous close at 9pm.

1987 BALANCE SHEET FINANCIAL HIGHLIGHTS. Total assets 63,015, Total funds collected 48,516, Customers' deposits 29,185, Loans and securities 49,770, Loans to customers 25,447, Securities and shareholdings 12,465, Net worth 3,984, Net income 212, Total assets of Cariplo Group 79,660. CARIPLO CASSA DI RISPARMIO DELLE PROVINCE LOMBARDE. HEAD OFFICE: 8, VIA MONTE DI PIETA' - 20121 MILAN - ITALY. tel. 88661-41421 - telex 313010 CARIPLO I. INTERNATIONAL NETWORK: Branches in Hong Kong, London and New York. Representative offices in Beijing, Bruxelles, Frankfurt, Madrid and Paris.

There is no European Traded Options table because yesterday was a public holiday in the Netherlands.

BASE LENDING RATES

Table of base lending rates for various banks including ABN Bank, Citibank NA, and others, with columns for bank name, rate, and currency.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for trust name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trust information with columns for trust name, manager, and performance data.

Advertisement for 'Perhaps the bravest man I ever knew...' featuring a man in a military uniform and text about a woman's service.

Advertisement for 'EX-SERVICEMEN'S MENTAL WELFARE SOCIETY' with contact information and a form.

Crossword puzzle grid with clues and a 'JOTTER PAD' for writing answers.

Crossword puzzle solutions and a 'JOTTER PAD' for writing answers.

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, listing various unit trusts and their performance metrics.

LONDON SHARE SERVICE

Table containing London Share Service data, including British Funds, Foreign Bonds & Rails, and Money Market Trust Funds.

LONDON SHARE SERVICE

AMERICANS - Contd. Table listing American companies such as IBM, General Electric, and Ford, with columns for stock price, dividends, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd. Table listing companies in the construction and infrastructure sectors, including various building and road construction firms.

DRAPERY AND STORES - Contd. Table listing retail and clothing companies, such as department stores and drapery shops.

ENGINEERING - Contd. Table listing engineering and manufacturing companies, including firms involved in mechanical and electrical engineering.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies across different sectors, including chemicals and metals.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies, continuing the list from the previous section.

CANADIANS Table listing Canadian companies, such as Canadian Pacific and other major Canadian firms.

BANKS, HP & LEASING Table listing financial institutions, including banks and hire purchase companies.

ELECTRICALS Table listing electrical engineering and utility companies.

FOOD, GROCERIES, ETC Table listing companies in the food and grocery sectors, including retailers and manufacturers.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BEERS, WINES & SPIRITS Table listing companies in the beverage industry, including breweries and distillers.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

BANKS, HP & LEASING Table listing financial institutions.

CHEMICALS, PLASTICS Table listing companies in the chemical and plastic industries.

DRAPERY AND STORES Table listing retail and clothing companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table listing various industrial companies.

Handwritten text at the bottom of the page, possibly a signature or note.

LONDON SHARE SERVICE

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of Mines stocks including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft Trades, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, Overseas Traders, etc.

MISCELLANEOUS

Table of Miscellaneous stocks including Miscellaneous, Miscellaneous, Miscellaneous, etc.

COMMERCIAL VEHICLES

Table of Commercial Vehicles stocks including Commercial Vehicles, Commercial Vehicles, etc.

COMPANIES

Table of Companies stocks including Companies, Companies, Companies, etc.

FINANCE, LAND, ETC

Table of Finance, Land, Etc stocks including Finance, Land, Etc, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

THIRD MARKET

Table of Third Market stocks including Third Market, Third Market, Third Market, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, etc.

SHIPPING

Table of Shipping stocks including Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes and Leather, Shoes and Leather, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

DIAMOND AND PLATINUM

Table of Diamond and Platinum stocks including Diamond and Platinum, Diamond and Platinum, etc.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional & Irish Stocks, Regional & Irish Stocks, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRADITIONAL OPTIONS

Table of Traditional Options stocks including Traditional Options, Traditional Options, etc.

AUSTRALIANS

Table of Australians stocks including Australians, Australians, Australians, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

This service is available to every investor... London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Equities fall at close of thin trading session while Gilt-edged hold steady

Account Dealing Dates table with columns for First Dealing, Last Dealing, etc.

CONFIRMATION THAT the \$92m rights issue from Barclays has been a major success...

The international blue chips, already suffering from renewed strength of the pound and held back by the Whitson holiday closure...

Government bonds edged higher but remained nervous in the wake of Friday's news that the domestic inflation rate reached a five month high in April.

Meanwhile, equity trading remains very thin, with only the placing of the rump of the Barclays rights issue lifting yesterday's turnover above poverty levels.

The disclosure that American International Group has built a stake in Kleinwort Benson, part of Kleinwort Greaveson, the London marketmaker...

Market indices, which were affected by a batch of ex-dividend quotations for leading shares, shuffled around Friday night's levels for most of the day...

Comments on the equity sector from traders ranged from 'it's going to be a very difficult summer' to 'the market's looking for a cliff to jump off'.

Among the more active issues, Rowatree gave ground, and final quotations matched the 80p offer for the equity by Nestlé as the market awaited this week's ruling on whether the bid must go before the UK Monopolies and Mergers Commission.

The Gilt-edged market appeared relatively confident that tomorrow's tender for £800m of Treasury 8 1/4 per cent '88 stock will be carried off successfully.

Gains of 1/2 or so in Gilt-edged reflected the market supply situation, and underplayed the worries over inflation which have resurfaced on both sides of the Atlantic.

Consolidated Gold Fields, favourably reviewed by Mr Robert Davies, mining analyst at Shearson Lehman Hutton, who believes Cons Gold will lift earnings above 100p a share in the current year, gained 17 to 210 1/4.

Barclays Bank were the focus of the equity market's attention through the Senior syndicate, finally totalling only 265.2m shares (85.2m on Friday). The underlying nervousness was reflected in the futures contract on the FT-SE 100 index, which traded at a 12 - 13 point discount during the session.

Comments on the equity sector from traders ranged from 'it's going to be a very difficult summer' to 'the market's looking for a cliff to jump off'.

Comments on the equity sector from traders ranged from 'it's going to be a very difficult summer' to 'the market's looking for a cliff to jump off'.

Comments on the equity sector from traders ranged from 'it's going to be a very difficult summer' to 'the market's looking for a cliff to jump off'.

FINANCIAL TIMES STOCK INDICES table with columns for May 23, May 20, May 19, May 18, May 17, Year Ago, 1988 High, 1988 Low, Since 1988 High, Since 1988 Low.

Day's High 1416.4 Day's Low 1407.4

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

back of a couple of bearish circles before staging a strong recovery after a midday and eventually closing a net 7 up at 148p ex dividend.

Prudential-Bache issued 'buy' recommendations on Barclays, Lloyds and Royal Bank of Scotland, while Citicorp Scrimgeour Vickers re-iterated their strong buy advice on the sector.

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

over speculation in merchant banks' a dealer said. In a firm merchant banks sector Morgan Grenfell, the target of a steady stream of speculative buying over the past couple of weeks, touched 287p before closing a net 4 up at 294p.

Insurances included a notable weak spot in Sturge Holdings which slumped 23 to 810p after 110 ex dividend. US Press comment on possible claims against environmental and pollution damage, Sedgwick, and reporting first quarter figures on Friday - estimates range from £34m to £38m against a comparable figure of £3.6m - eased to 225p.

Breweries were quiet, with Allied, Bass and Vaux all going ex-dividend. Marketmakers pointed to a firm market in Scottish and Newcastle, up a shade to 309p, while Dewhirst were up 10 to 369p, reflecting buying interest in a recent seminar.

Elsewhere, favourable week-end press mention encouraged a revival in Avon Rubber which advanced 7 to 87p. Satisfactory preliminary figures prompted a gain of 15 to 468p in J.S. Pathology.

Williams Holdings claimed a considerable amount of interest, closing a few pence lower at 270p in a volume of some 2.3m. Nomura Research regard the shares as sound value for underweight funds, especially given the expected June 10 presentation.

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

There were numerous features in stores apart from Harris Queensway. Retailers attracted a fresh wave of buying interest on news of the company's application for an ADR facility and ahead of the forthcoming trip by City analysts to the company's

US operations. The shares touched 259p ex dividend before closing a net 5 up at 265p. A.Goldberg jumped 10 to 209p in front of today's preliminary results, which analysts expect to be in the region of £3.25m against £2.8m last time.

Cable & Wireless attracted persistent buying interest and highlighted the electronics sector as dealers speculated on the possibility that the group is about to announce the sale of a further 4.5 per cent of its stake in Hong Kong Telecommunications. Turnover in C & W came out at 4.8m shares and the stock settled 10 higher at 349p after 330p.

News of the latest £10m worth of BT contracts for GEC - Plessey System X telephone systems boosted GEC a shade to 147p on turnover of 4.5m and helped Plessey edge up 2 to 157p with 1.2m traded. Plessey fourth quarter figures are due on Thursday.

News of the agreement with the Californian-based International Lease Finance to supply up to £200m worth of engines for three types of Boeing aircrafts failed to help Rolls-Royce which closed a couple of pence easier at 115p.

Preliminary profits of £31.6m against £19.5m and estimates that had ranged up to around £21.5m saw AB Foods slip back to 272 1/2p before settling to close a net 2 off at 274p.

Banker Hoivis McDougall advanced 8 to 389p amid rumours that Goodman Fielder, which has a 20 per cent stake, is seeking an agreed merger or could be considering passing on the stake to another possible bidder.

Week-end comment on the group's property prospects brought Laporte to life with the shares moving ahead smartly to close 12 up at 417p. XLI, largely reflecting West Street influences, drifted back to close 10 down at 947p.

Week-end comment on the group's property prospects brought Laporte to life with the shares moving ahead smartly to close 12 up at 417p. XLI, largely reflecting West Street influences, drifted back to close 10 down at 947p.

Week-end comment on the group's property prospects brought Laporte to life with the shares moving ahead smartly to close 12 up at 417p. XLI, largely reflecting West Street influences, drifted back to close 10 down at 947p.

Reed International opened better at 414p, but later slipped back to close at 409p, down 5 on volume of 2.3m. Johnson Matthey was also a quiet market, drifting back to 289p, a loss of 8 on the day. 2000s jumped 11 on news of restructuring. The company is changing its name, setting its engineering division to manufacture and disposing of property worth £16.1m. In addition, Robert Fawcett will become chairman. The shares closed at 129p. Oliver Paper was a firm market after Friday's announcement of an asset injection and rose 8 to 176p.

Property shares encountered selective buying interest, fresh demand still being prompted by last week's revaluation. From Land Securities, Grosvenor a buy recommendation with 127p, claimed a fair amount of interest, rising 4 to 429p. Although Estates were also noticeably higher at 414p, a rise of 7 to 300p.

Countdown traded a little more heavily than most ahead of tomorrow's preliminary figures. In a volume of some 1.3m the shares closed unchanged at 361p after 364p. Market estimates range from pre-tax profits of £22m to £25m.

Turnover in Traded Options was mainly thin with calls of 13,500 and puts of 8,300 giving a total of 18,800 contracts.

Traditional Options First dealings May 16 Last dealings May 17 For settlements Aug 11 For settlements Aug 22 For settlements Aug 22 and Oct 11 London Share Service Dealers reported a relatively active session in the Traditional option market yesterday. Stocks favoured for the call included Reed International, Camford, INOCO, Oliver Resources, Centraway Industries, Highland Oil, and Hills Royce. Puts were arranged in Sedgwick, Barclays and Trimon, while doubles were transacted in Reed International and CASE.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Stock, Volume, and Price.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various sectors like British Funds, Corporations, etc.

LONDON RECENT ISSUES

Table listing recent issues with columns for Issue, Price, and Date.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Price, and Date.

"RIGHTS" OFFERS

Table listing rights offers with columns for Issue, Price, and Date.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing Equity Groups & Sub-sections with columns for Index No., Day's Change, etc.

FIXED INTEREST

Table showing average gross redemption yields for various fixed interest instruments.

LONDON TRADED OPTIONS

Table showing London traded options with columns for Option, Calls, Puts, and various stock options.

Handwritten signature 'Johnnie L.S.D.' at the bottom of the page.

WORLD STOCK MARKETS

Table of world stock markets including sections for AMSTERDAM, FRANCE, GERMANY, NETHERLANDS, SWEDEN, and JAPAN. Each section lists various stocks with their prices and changes.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter Nasdaq national market closing prices, listing various stocks and their prices.

Table of world stock markets including sections for AUSTRALIA, HONG KONG, SINGAPORE, and other regional markets. Each section lists various stocks with their prices and changes.

Table titled 'LONDON PRICE CHANGES YESTERDAY' showing price changes for various commodities and currencies.

Advertisement for Financial Times: 'Have your F.T. hand delivered every morning in Switzerland'. Includes text about business centers and contact information.

Table of stock indices including 'NEW YORK DOW JONES' and 'CANADA' sections, showing index values and trends.

Advertisement for Financial Times: '12 FREE ISSUES'. Includes text about subscription offers and contact information for Peter Lancaster.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices, organized into columns with headers like '12 Month High', 'Low', 'Stock', 'Vol', 'P', 'St', 'D', 'Div', 'Yield', 'Change', 'Prev. Close'. Includes a small illustration of a person on a horse in the bottom left corner.

Handwritten text: 'J. J. ...'

Handwritten text at the top center of the page.

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Main table of NYSE Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

Main table of AMEX Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices, listing various stocks with columns for stock name, price, and change.

Advertisement for Lisboa 887844, featuring the text 'Have your F.I. hand delivered...' and contact information.

Advertisement for Lisboa 887844, featuring the text 'every working day, if you work in the business centres of LISBOA & PORTO' and contact information.

AMERICA

Dow drifts downward amid concern over low volume

Wall Street

THE STOCK MARKET started the week with another drift downwards in very low volume, unable to shake the lethargy which had the market in a stranglehold on Friday, writes Janet Bush in New York.

The Dow Jones Industrial Average closed 11.11 points lower at 1,941.48 in volume of just over 100m shares, the lowest total this year. Before yesterday, Friday's volume had been the smallest in 1988, at 120.6m.

The very low level of activity is becoming one of the key features, and worries, in the equity market. There is concern that the market is becoming less liquid, and about the ability of companies to raise capital in the market.

Activity was just as dull in the US bond market. Prices were quoted just slightly below Friday's closing levels in late trading, with the Treasury's 30-year benchmark issue quoted 1/4 point lower to yield 9.35 per cent.

Both bond and equity markets remain under the cloud of last week's events, particularly the deeply negative reaction to last Tuesday's news of a sharp narrowing in the US trade deficit.

Inflation expectations remain the key to the mood in both markets and the likelihood of another firming in US Federal Reserve monetary policy.

While many in the markets are extremely concerned about the potential in a fast-growing economy for higher inflation, others feel that the markets have overreacted to these fears.

There is a feeling in some quarters that the bond market may be nearing the bottom of its recent slide and there is some evidence that yields are now attracting funds away from the stock market, which is suffering from depressingly low volume.

Among the largest movers in what was otherwise an uneventful session was Texaco, which slipped 3 1/2% to stand at \$47 1/2. The company is currently engaged in talks with its largest shareholder, Mr Carl Icahn, to reach a compromise which would put an end to Mr Icahn's threats of a proxy fight.

Reports on the discussions suggested the possible compromise did not include any of the restructuring steps discussed in recent days, which could have included a stock repurchase programme and a special dividend for Texaco shareholders.

In the over-the-counter market, Diamond Crystal Salt fell 1 1/2% to \$38 1/2, after DC Holdings said it

would make a tender offer for the company at \$35 a share. DC Holdings was formed by Mr Frederick Moore, chairman and president of Diamond Crystal Salt, for the purpose of acquiring the company. If the tender offer is successful, DC intends to merge with Diamond Crystal, so returning ownership of the company to the Moore family.

KaiserTech edged 3/4% lower to \$17 1/2, in spite of its agreement to be taken over by Maxxam Group for \$19.375 a share.

Allegheny International dipped 1/2% to \$3 1/2, after announcing it had called off negotiations to sell its Thermo Systems subsidiary to BTU Engineering. Allegheny said the talks were ended because of opposition to the proposed merger by the anti-trust division of the Department of Justice.

Hypoxex, the lawn and garden products maker, added 1 1/2% to \$10 1/2 in over-the-counter trading, following its announcement that it was in talks to sell the company at about \$14 a share.

Envirodyne, the food packing company, rose 3/4% to \$27 1/2 after the company said it would look into a possible merger or sale of a majority interest as a way of enhancing shareholder value.

Canada was closed for the Victoria Day holiday.

Hot property boosts Far East stocks

Demand for land is booming, write Hilary de Boer in London, Richard Gourlay in Manila and Peter Ungphakorn in Bangkok

STRONG economic growth, a consumer boom and low interest rates have proved a boon for property stocks in the Far East, several of which have risen sharply since the start of the year.

Hong Kong, Singapore, Thailand and the Philippines are all in the midst of a property boom with new home buyers, retailers and industry on the lookout for space. That has translated into healthy gains for equity investors in property issues.

In Hong Kong, the property sector has risen by 15.7 per cent from the start of the year up to last Friday in local currency terms, compared with the market's rise of 11.6 per cent, according to figures from County NatWest WoodMac.

Rising incomes and the ready availability of relatively cheap mortgages have helped boost demand for housing, pushing up prices and increasing residential development.

The territory's consumer boom has increased demand for retail space, while industrial property development - prices for which rose by an average 23 per cent in the first quarter of this year - is also strong. A buoyant tourism industry is meanwhile increasing demand for hotel development.

Better-than-forecast earnings performances from such property companies as New Town Properties and New World Development - up 45 and 42 per cent respectively since December 31 - have aided the sector's growth. Such stocks' large capitalisation, good

liquidity and big discount to net asset value have also made them attractive buys.

Brokers are, however, increasingly cautious about the future prospects for the sector, given the spectre of rising interest rates and trade figures for March showing a slowing of the growth rate of exports, which could portend less demand for retail and industrial development.

The end of a long-running rumour, forecasting the takeover of Hongkong Land by a consortium including Cheung Kong chairman Mr Li Kashing, has also taken some fizz from the stock market, 23 per cent of which is accounted for by property issues.

With the current consolidation on the Hong Kong exchange, in which prices have been drifting in relatively low volumes, brokers agree that the property sector has probably seen its best performance for a while.

But as one Hong Kong analyst based in London says: "I still think it will outshine the market in general in Hong Kong, property is always a play."

Singapore's property sector is meanwhile recovering from several years of oversupply, and land prices are on the increase again. The potential for longer-

term growth in property-related equities is therefore still strong, say brokers.

Tourism levels are high, demand for residential units is buoyant - helped by cheap mortgage rates - and the area is seeing increased direct investment in industrial property, especially by the Japanese.

Property stocks on the Singapore stock exchange have risen by 25 per cent since the start of the year, compared with the market's 15.3 per cent rise.

Leading property stock City Developments has outperformed the index by 11 per cent and is the market's sixth best performer so far this year.

Recent interest in the sector has been fuelled in part by Sir Y K Pao's offer late last month to increase his stake in Hotel Marco Polo, and by current rumours that Standard Chartered is to sell its headquarters at a record price per square foot - which would give an indication of the true current value of land prices and probably boost the net asset values of the quoted property companies.

The Philippines property market, like those in Singapore and Hong Kong, is benefiting from low domestic interest rates, a buoyant consumer-led recovery

and a return of confidence that is bringing back money that fled the economic recession of 1983-85.

Much of the sector's growth has been in shopping complexes in Manila, followed by office developments and apartment blocks.

Since the start of the year, Philippine Realty, the most actively traded property stock, has risen 62 per cent, from Pso 1.15 (5.4 US cents) to a current record of Pso 1.86 - and this includes adjustment for a one-for-two rights issue and a 30 per cent stock dividend since January.

"It is doing exceptionally well," says Mr George Abad of local brokers Fryer Securities. "Money that was kept in mattresses is now flowing back in."

The other property stock listed on Manila's two stock markets, Ayala Corp, has seen similar growth although there is less trading because it is tightly controlled by one of the country's most influential families, the Zobel de Ayala's. From Pso 6.5 at the start of the year, the stock has risen steadily to a current high of Pso 8.4.

In Thailand, which has a strong hotel sector and is seeing a prolonged upward spiral in land prices, there is just one quoted property company, Dusit Thani, a hotel group with diversified property holdings.

But new listings are rumoured in the coming months, by both existing and new companies, and Oriental Hotel, which is soon to float some shares in Bangkok



Like the new Bank of China building, equities soar skyward and Hong Kong, is already trading on the grey market.

Dusit Thani shares have soared since the start of the year, to their current Bait 894 (436.40) from Bait 426. The rise on the restricted foreign board has been even more spectacular, from about Bait 450 to Bait 1,250.

EUROPE

European steel issues forge ahead on foreign demand

By David Goodhart in Bonn, Laura Ram in Amsterdam and Will Dawkins in Brussels

STEEL shares have been among this year's best performers in Europe, strongly outpacing the broader market on the back of vigorous demand for steel from the Far East, the US and the Soviet Union.

Steel and heavy engineering stocks are among the top 10 performers in West Germany, with

MOST BOURSES in Europe were closed for the Whitsun holiday yesterday.

LONDON: International blue chips fell in late trading as inflation worries and the weak opening on Wall Street hit sentiment. The FT-SE 100 index rose 8.9 to 1,761.3 in low volume on the first day of the new account, with trading curtailed by the holiday elsewhere. Howtree fell pending this week's ruling on whether Nestlé's bid for it will be referred for monopoly reasons.

HELSENKI: Investor confidence helped push prices to a record high, in spite of setbacks on leading bourses, with

the Duitas all-share index up 2.3 at 682.2. It beat the previous peak of 681.5 reached last October.

MILAN: Late buying helped reduce the day's losses but equities closed lower overall, with the MIB index off 5 at \$70. Blue chip Fiat fell 1.75 to L8,500, but recovered after hours to L8,620. Montedison lost 1.5 to L1,430, rising later to L1,453.

MADRID: Declines on other stock markets depressed trading and the general index finished 1.14 lower at 270.59. Trading resumed in Europe, following merger banks Banesto and Banco Central.

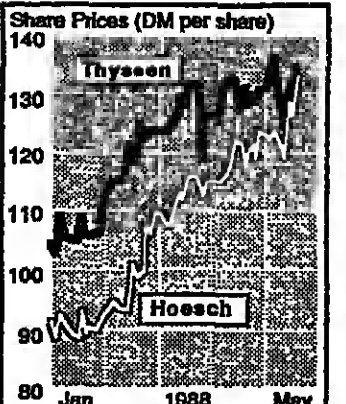
1992 will bring an equalisation (or elimination) of steel subsidies to make German steel stocks more attractive again, assuming the companies are still making steel by then.

Hoogovens, the Dutch steel group, may, on the other hand, profit if EC steel quotas are scrapped, because of its strong competitive position and full order book. Its share price is up 51 per cent in local currency terms this year, making it one of the Dutch market's top performers.

Hoogovens is reaping the benefits of rebounding steel prices because it has one of the most efficient steel plants in Europe, having invested heavily in new equipment and cut wage costs.

In the longer term, it should be more insulated from steel downturns because of its expanding aluminium activities, which now account for half of all sales. At its annual meeting two weeks ago the company predicted a small profit for 1988 after a painful loss of Fl 76.4m (\$40m) in 1987.

In Belgium and Luxembourg, producers are responding positively to the surprise upturn in demand for flat products.



Hoesch up 46 per cent, Mannesmann 35 per cent and Thyssen 28 per cent in local currency terms by the close of trade last Friday, according to figures from County NatWest WoodMac. The West German market has risen by just 3 per cent in the period.

The remarkable re-rating of these stocks has, however, almost certainly run its course. There seem to be two main factors behind the rise: first, unexpectedly strong steel demand since the fourth quarter of 1987, which means fully-booked German mills and strengthening prices; second, the realisation that much of the painful and

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 23 1988				FRIDAY MAY 20 1988				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (88)	128.57	+1.0	101.96	108.73	4.09	127.34	101.39	108.24	128.57	91.16	137.10
Austria (16)	88.33	+0.0	70.05	78.11	2.70	88.37	70.36	78.11	98.18	84.35	88.21
Belgium (63)	121.03	+0.0	92.98	106.70	4.71	122.03	96.37	106.70	139.89	99.14	117.10
Canada (25)	115.76	+0.0	91.88	104.19	3.24	115.80	91.88	104.19	125.89	107.06	124.65
Denmark (39)	124.88	+0.0	99.03	110.27	2.64	124.83	99.39	110.27	126.01	111.42	116.96
Finland (25)	131.77	+0.3	104.50	111.52	1.88	132.20	105.26	111.88	132.75	106.78	-
France (121)	88.99	+0.0	70.57	80.27	4.01	88.98	70.77	80.27	90.19	72.77	114.55
Hong Kong (46)	96.46	-0.2	78.08	98.78	4.62	96.65	78.55	98.83	84.90	113.94	-
Ireland (18)	124.62	-0.8	98.83	111.81	4.23	125.66	100.05	112.77	125.66	104.60	128.80
Italy (102)	69.81	-0.3	52.56	65.87	3.04	70.19	55.89	65.20	81.74	62.99	100.28
Japan (486)	171.00	-0.3	132.61	134.63	0.83	171.00	134.62	134.61	177.77	133.61	156.43
Malaysia (36)	130.45	-0.7	103.45	129.77	2.80	131.40	104.63	130.72	133.24	107.83	165.06
Mexico (14)	150.91	+0.0	115.67	377.34	1.32	150.09	119.51	375.50	176.90	90.07	178.47
Netherlands (38)	102.91	+0.0	81.61	89.53	3.16	102.89	81.92	89.53	110.66	92.23	117.04
New Zealand (21)	79.26	+0.8	62.81	70.51	5.99	78.57	62.56	70.20	84.42	64.42	90.99
Norway (23)	118.10	+0.1	93.65	99.14	3.05	117.95	93.92	99.14	132.23	98.25	138.26
Singapore (26)	109.65	+1.3	86.96	101.77	2.44	111.14	88.50	102.15	114.93	97.99	136.97
South Africa (60)	131.68	-2.1	104.42	84.35	5.06	128.91	102.64	82.22	139.07	118.16	174.82
Spain (42)	149.92	+0.1	118.99	127.06	3.37	150.23	119.61	128.15	145.36	130.71	114.70
Sweden (35)	123.96	+0.1	97.90	107.10	2.63	123.95	98.22	108.10	124.75	96.92	115.34
Switzerland (55)	76.42	+0.1	60.60	67.16	2.54	76.31	60.76	67.16	96.75	75.65	95.24
United Kingdom (328)	136.94	+0.0	108.60	108.60	4.44	136.94	109.04	109.04	141.18	123.09	146.72
USA (580)	102.23	-0.8	81.07	102.23	3.81	103.08	82.07	103.08	110.51	99.19	115.42
Europe (1007)	106.27	+0.0	84.28	89.67	3.94	106.30	84.64	89.89	110.71	97.01	119.83
Pacific Basin (673)	166.51	-0.3	132.05	132.14	0.72	167.01	132.86	132.86	172.26	130.81	154.06
Europe-Pacific (1680)	142.42	-0.2	112.94	115.27	1.69	142.73	113.64	113.64	145.24	112.94	129.36
North America (1024)	102.96	-0.8	81.65	102.37	3.78	103.75	82.61	103.16	111.28	99.78	115.90
Europe Ex. UK (679)	87.30	+0.0	69.24	77.78	3.47	87.34	69.55	77.85	92.81	80.27	103.14
Pacific Ex. Japan (217)	112.36	+0.4	89.11	100.42	4.25	111.87	89.07	100.28	112.36	87.51	125.16
World Ex. US (1879)	141.40	-0.2	112.13	114.71	1.77	141.66	112.80	112.80	146.49	120.26	140.23
World Ex. UK (239)	125.26	+0.1	100.13	110.61	2.38	126.76	100.93	111.23	130.96	113.26	130.24
World Ex. Japan (2003)	104.83	-0.4	83.13	97.87	3.87	105.27	83.82	98.36	110.99	100.00	118.22
The World Index (2459)	126.29	-0.4	100.16	110.43	2.40	126.78	100.95	111.03	130.92	113.37	130.53

Base index: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 90.791 (Pound Sterling) and 94.94 (Local).
Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987.
Amendments to indices for May 20 applied to the following: Ireland, Spain, the Belgium index and the World Index.
Markets closed May 23: Austria, Belgium, Canada, Denmark, France, West Germany, Netherlands, Norway, Sweden and Switzerland.

ASIA

US inflation fears hit Nikkei in thin trade

REDEVELOPMENT plans for its idle land prompted investors to buy Japan Steel Works, which rose Y12 to Y499 on the second heaviest trading of 37.85m shares. Mitsubishi added Y20 to Y1,330 for the same reason. Buying of speculative stocks such as those helped check a steeper decline of the market.

Mirroring the soaring prices of non-ferrous metals, Mitsui Mining and Smelting added Y5 to Y570, coming third on the active list with 25.37m shares traded. Increasing demand for beer cans pushed up Nippon Light Metal Y36 to Y789.

Sasebo Heavy Industries soared Y45 to Y340 on a report of support from Kawasaki Heavy Industries for its reconstruction.

Kurabo advanced Y10 to Y657 on an upsurge in its recurring profit for the year ended last March. Tokyo Rope Manufacturing attracted buying on rumours of a change in leading stockholders, finishing Y100 up at Y3,150.

Bond prices fell slightly due to fears of inflation in the US. Most dealers and institutional investors opted out of the market, but some bought for short-covering as it was the final day of trading for delivery within this month.

Yield on the benchmark 5.0 per cent government bond due in December 1997 dropped to 4.645 per cent from Friday's 4.685 per cent.

REDEVELOPMENT plans for its idle land prompted investors to buy Japan Steel Works, which rose Y12 to Y499 on the second heaviest trading of 37.85m shares. Mitsubishi added Y20 to Y1,330 for the same reason. Buying of speculative stocks such as those helped check a steeper decline of the market.

Mirroring the soaring prices of non-ferrous metals, Mitsui Mining and Smelting added Y5 to Y570, coming third on the active list with 25.37m shares traded. Increasing demand for beer cans pushed up Nippon Light Metal Y36 to Y789.

Sasebo Heavy Industries soared Y45 to Y340 on a report of support from Kawasaki Heavy Industries for its reconstruction.

Kurabo advanced Y10 to Y657 on an upsurge in its recurring profit for the year ended last March. Tokyo Rope Manufacturing attracted buying on rumours of a change in leading stockholders, finishing Y100 up at Y3,150.

Bond prices fell slightly due to fears of inflation in the US. Most dealers and institutional investors opted out of the market, but some bought for short-covering as it was the final day of trading for delivery within this month.

Yield on the benchmark 5.0 per cent government bond due in December 1997 dropped to 4.645 per cent from Friday's 4.685 per cent.

REDEVELOPMENT plans for its idle land prompted investors to buy Japan Steel Works, which rose Y12 to Y499 on the second heaviest trading of 37.85m shares. Mitsubishi added Y20 to Y1,330 for the same reason. Buying of speculative stocks such as those helped check a steeper decline of the market.

Mirroring the soaring prices of non-ferrous metals, Mitsui Mining and Smelting added Y5 to Y570, coming third on the active list with 25.37m shares traded. Increasing demand for beer cans pushed up Nippon Light Metal Y36 to Y789.

Sasebo Heavy Industries soared Y45 to Y340 on a report of support from Kawasaki Heavy Industries for its reconstruction.

Kurabo advanced Y10 to Y657 on an upsurge in its recurring profit for the year ended last March. Tokyo Rope Manufacturing attracted buying on rumours of a change in leading stockholders, finishing Y100 up at Y3,150.

Bond prices fell slightly due to fears of inflation in the US. Most dealers and institutional investors opted out of the market, but some bought for short-covering as it was the final day of trading for delivery within this month.

Yield on the benchmark 5.0 per cent government bond due in December 1997 dropped to 4.645 per cent from Friday's 4.685 per cent.

REDEVELOPMENT plans for its idle land prompted investors to buy Japan Steel Works, which rose Y12 to Y499 on the second heaviest trading of 37.85m shares. Mitsubishi added Y20 to Y1,330 for the same reason. Buying of speculative stocks such as those helped check a steeper decline of the market.

Mirroring the soaring prices of non-ferrous metals, Mitsui Mining and Smelting added Y5 to Y570, coming third on the active list with 25.37m shares traded. Increasing demand for beer cans pushed up Nippon Light Metal Y36 to Y789.

Sasebo Heavy Industries soared Y45 to Y340 on a report of support from Kawasaki Heavy Industries for its reconstruction.

Kurabo advanced Y10 to Y657 on an upsurge in its recurring profit for the year ended last March. Tokyo Rope Manufacturing attracted buying on rumours of a change in leading stockholders, finishing Y100 up at Y3,150.

Bond prices fell slightly due to fears of inflation in the US. Most dealers and institutional investors opted out of the market, but some bought for short-covering as it was the final day of trading for delivery within this month.

Yield on the benchmark 5.0 per cent government bond due in December 1997 dropped to 4.645 per cent from Friday's 4.685 per cent.

Singapore
NERVOUSNESS over US interest rates and declines in leading markets kept trading quiet. The Straits Times Industrial Index fell 9.32 points to 856.94 on turnover of 22m shares compared to Friday's 25m.

Australia
MINING and resources stocks helped lift the market despite a mixed performance in industrial with investors optimistic about tomorrow's mini-budget. The All Ordinaries Index finished 5.3 higher at 1,461.5

This announcement appears as a matter of record only.

Premier Brands Limited
£14,000,000
Five Year Junior Subordinated Syndicated Facility

Arranged and Underwritten by Continental Illinois National Bank and Trust Company of Chicago

Funds Provided by Continental Illinois National Bank and Trust Company of Chicago, The Industrial Bank of Japan, Limited, Hill Samuel & Co. Limited, Allied Irish Banks p.l.c., First Republic Bank Dallas, N.A., Postipankki (U.K.) Limited, Banque Française du Commerce Extérieur, Crédit Agricole, London Branch, The Yasuda Trust and Banking Company, Limited, Copenhagen Handelsbank A/S, Canadian Imperial Bank of Commerce, Lloyds Bank PLC.

£26,000,000
Five Year Senior Subordinated Syndicated Facility

Arranged and Underwritten by Continental Illinois National Bank and Trust Company of Chicago

Funds Provided by Continental Illinois National Bank and Trust Company of Chicago, The Industrial Bank of Japan, Limited, Hill Samuel & Co. Limited, Allied Irish Banks p.l.c., First Republic Bank Dallas, N.A., Postipankki (U.K.) Limited, Banque Française du Commerce Extérieur, Crédit Agricole, London Branch, The Yasuda Trust and Banking Company, Limited, Copenhagen Handelsbank A/S, Canadian Imperial Bank of Commerce, Lloyds Bank PLC, Fokus Bank A.S.

£80,000,000
Five Year Revolving Credit Facility

Arranged and Underwritten by Continental Illinois National Bank and Trust Company of Chicago

Funds Provided by Continental Illinois National Bank and Trust Company of Chicago, National Westminster Bank PLC, Credit Suisse, The Sanwa Bank, Limited, Tender Panel Members Banca Commerciale Italiana, Credit Agricole, London Branch, Credit Suisse, Copenhagen Handelsbank A/S, Dresdner Bank Aktiengesellschaft, First Republic Bank Dallas, N.A., National Westminster Bank PLC, The Sanwa Bank Limited, Canadian Imperial Bank of Commerce, The Dai-ichi Kangyo Bank, Limited, Citicentral Vienna, Philadelphia National Limited, Societe Generale.

Continental Illinois National Bank and Trust Company of Chicago
Facility and Tender Panel Agent

Continental Illinois

Under licence from Cadbury Schweppes plc Under licence from James Marshall (Glasgow) Limited Under licence from Bookers Health Foods Limited

Handwritten note in Arabic script: "بالتوفيق والحمد لله"